

# AUTOMOTIVE EXECUTIVE

OFFICIAL  
PUBLICATION  
OF THE NATIONAL  
AUTOMOBILE  
DEALERS  
ASSOCIATION

December 1983

Interview with  
DOT Secretary Dole

Service Contracts  
for the Used Car

Advertiser Index







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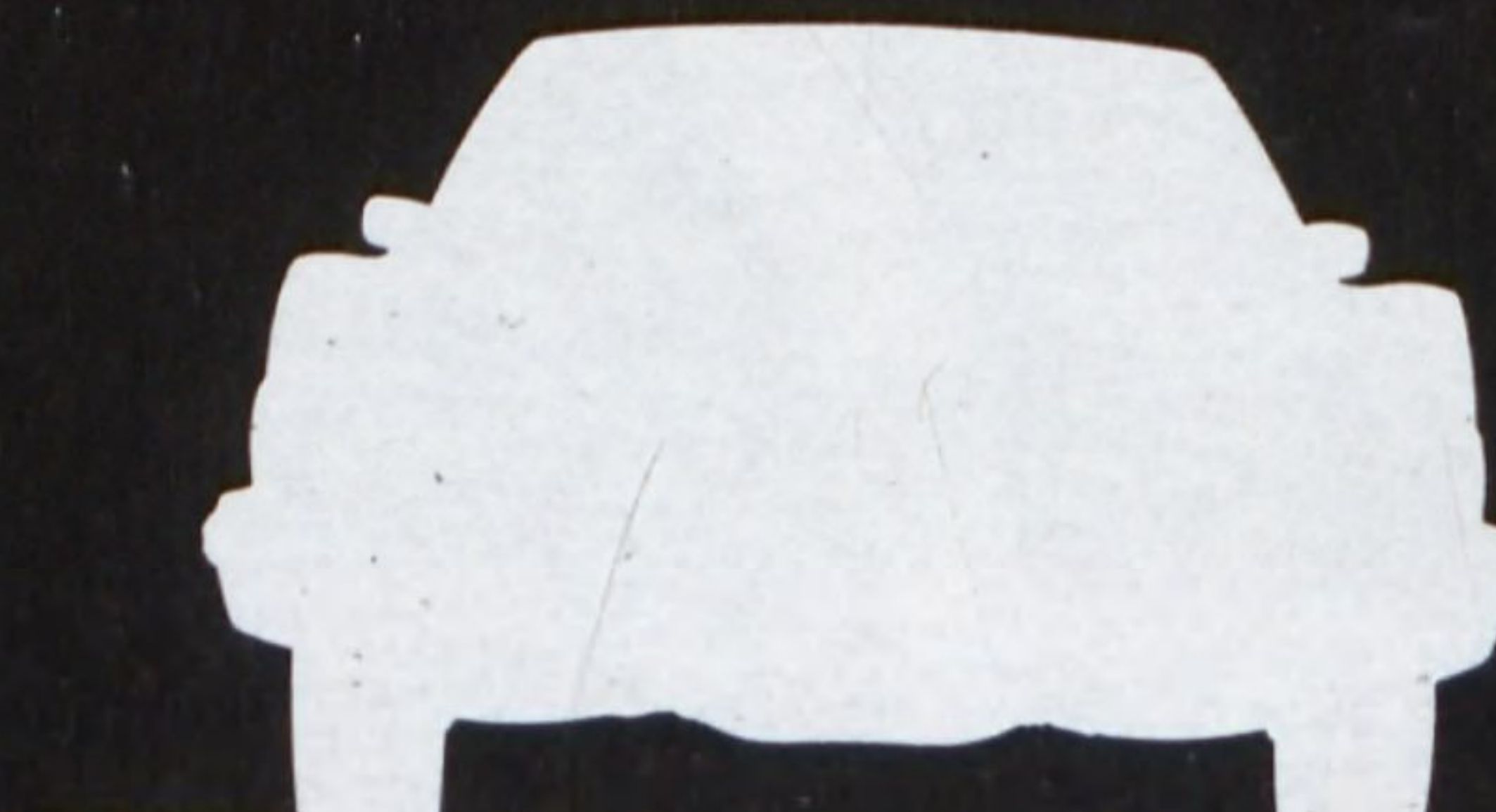


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## National Drunk and Drugged Driving Awareness Week

*By the President of the United States of America*

### A Proclamation

Nothing is more devastating to a parent than the call from a police officer that a son or daughter has been injured or killed in an auto accident. Nothing is more tragic than to learn that a drunken or drugged driver was at fault.

Each year, more than 25,000 of our citizens, a large number of them young people, are killed as a result of alcohol- or drug-related highway accidents. Seventy times a day—every 23 minutes—a life is taken somewhere on our streets and highways because driving skills and judgment were impaired by alcohol or drugs. Too often, a repeat offender is involved and, too often, society has looked the other way.

Today, thanks to a growing public outcry and the efforts of concerned citizens and safety leaders, the problem of drunken and drugged drivers is gaining national attention. State legislatures are enacting tougher laws and courts are imposing stiffer penalties. The Presidential Commission I appointed is reinforcing these efforts and encouraging greater preventive and corrective programs. Congress has passed legislation setting federal standards and providing incentive funds to assist in the crusade against the human and economic waste which results from drunken driving.

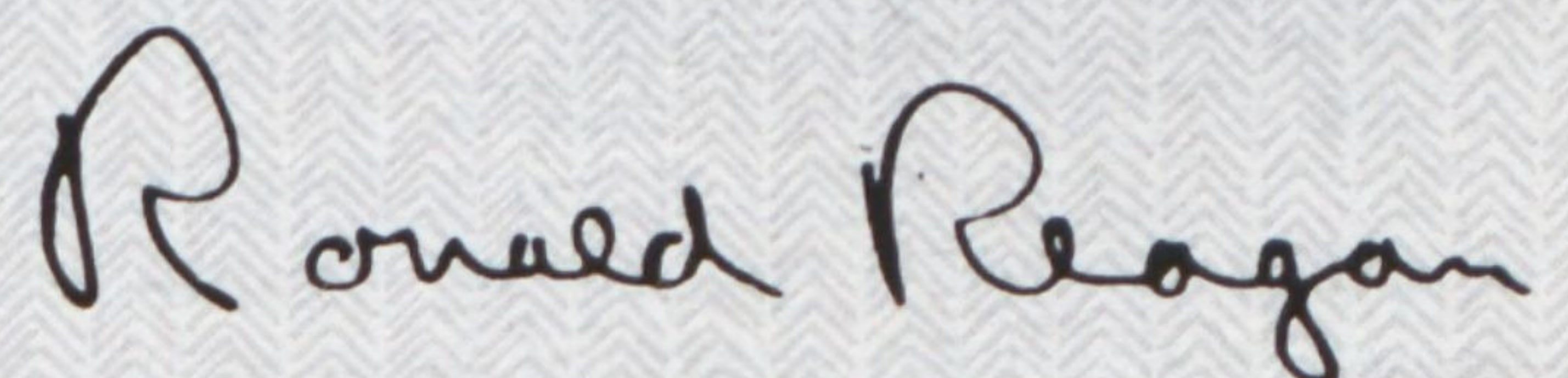
The holiday season, traditionally a high fatality period, affords us the opportunity to

join even more emphatically in a concerted national commitment to reduce the threat of drunken and drugged drivers on our highways.

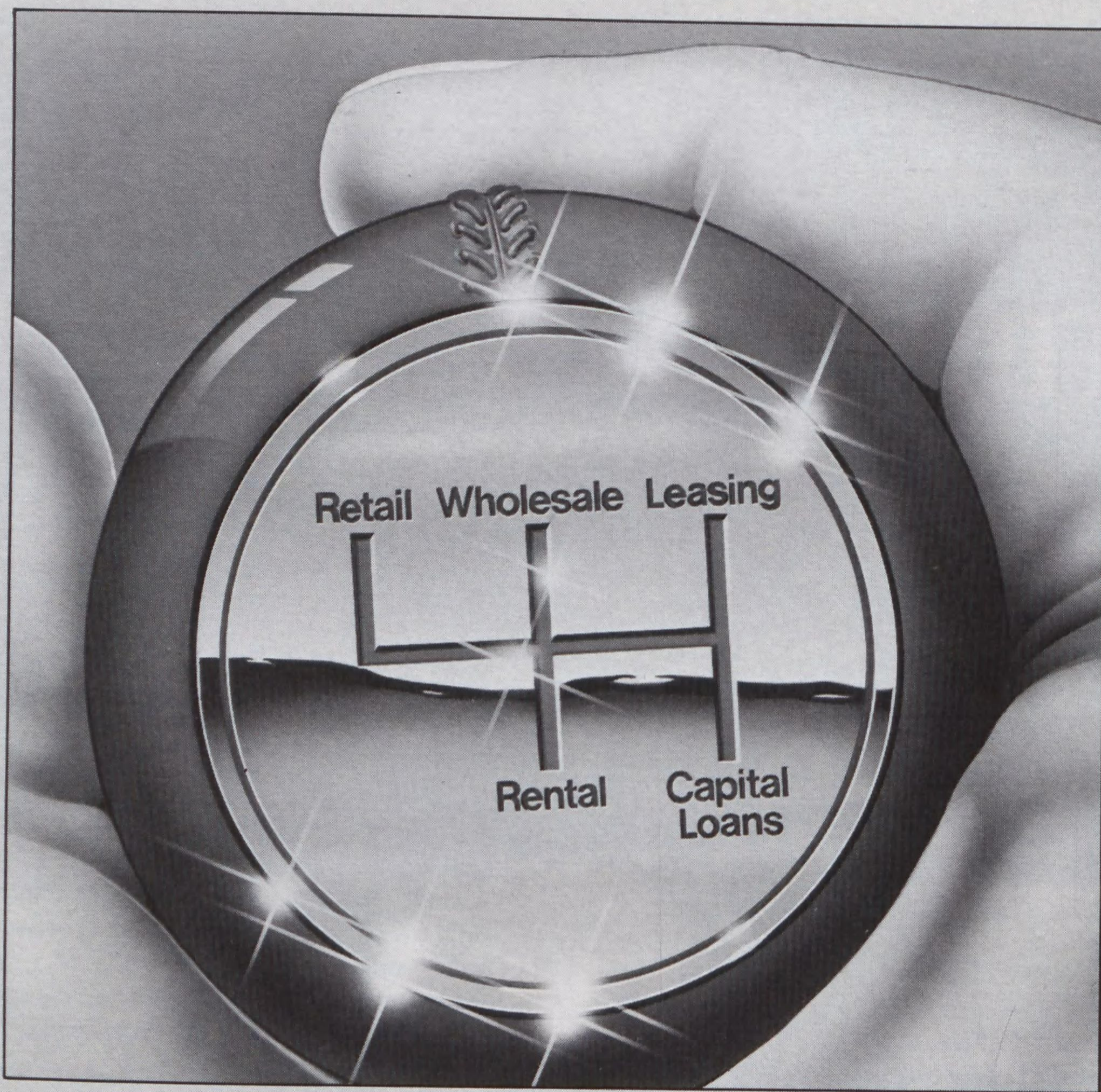
Collisions involving drunken drivers are the nation's single greatest killer of young people. This holiday season we can give our children a great gift by doing everything we can to keep the drinking driver and the drug-user off our roads. Let us all observe *safety* and celebrate *safely*, and let us remember that the safety belt in our car can be our best defense against drunken and drugged drivers.

NOW, THEREFORE, I, RONALD REAGAN, President of the United States of America, in accordance with Senate Joint Resolution 241 (Public Law 97-343), do hereby proclaim the week beginning December 11, 1983, as National Drunk and Drugged Driving Awareness Week. I call upon each of you to observe this week with appropriate activities in your homes, offices, schools and communities. I ask all Americans to join in a national campaign to eliminate drunken and drugged driving and to prevent tragedy from intruding on our joyful holiday season.

IN WITNESS WHEREOF, I have hereunto set my hand this 12th day of December, in the year of our Lord nineteen hundred and eighty-three, and of the Independence of the United States of America the two hundred and eighth.







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Cover photography:  
Charles Feil  
Washington Grove, MD

**AUTOMOTIVE  
EXECUTIVE**  
December 1983  
Volume 5, No. 12

*Automotive Executive (ISSN 0195-1546) is published monthly by the NADA Services Corp., a wholly owned subsidiary of NADA. A subscription (worth \$12) is included as one of NADA's membership benefits. Subscription rates delivered prepaid in the U.S. and U.S. possessions \$12 per year, \$15 elsewhere. Single copies delivered prepaid \$2. Second-class postage paid at McLean, VA, and additional mailing offices. Copyright 1983 by the NADA Services Corp. The statements and opinions expressed herein are those of the individual authors and do not necessarily represent the view of Automotive Executive, the NADA Services Corp. or the National Automobile Dealers Association. Likewise, the appearance of advertisements does not constitute an endorsement of the products or services featured. All communication should be addressed to Automotive Executive, 8400 Westpark Drive, McLean, VA 22102-3593. Postmaster: Send address changes to Automotive Executive, 8400 Westpark Drive, McLean, VA 22102-3593.*

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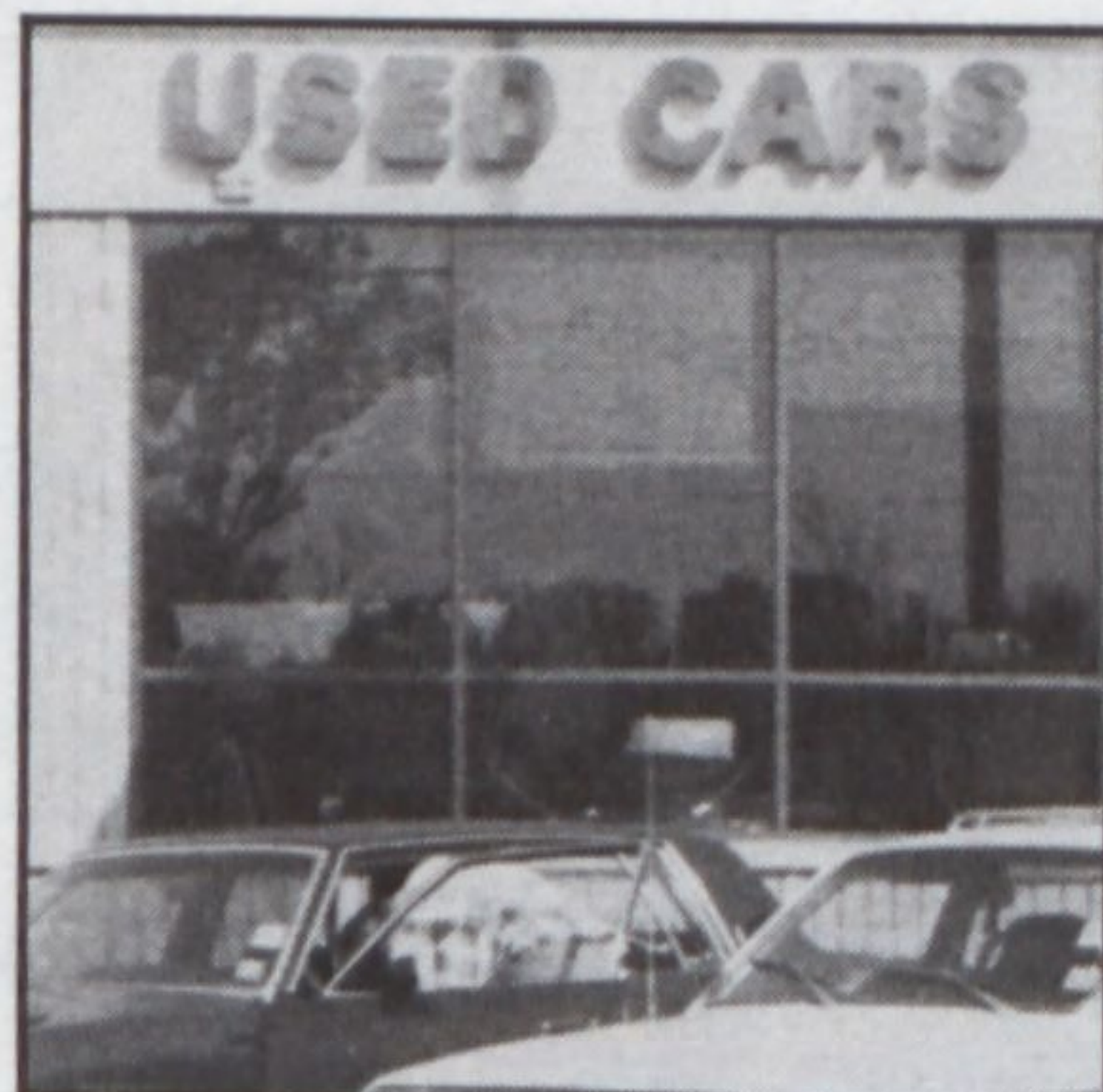
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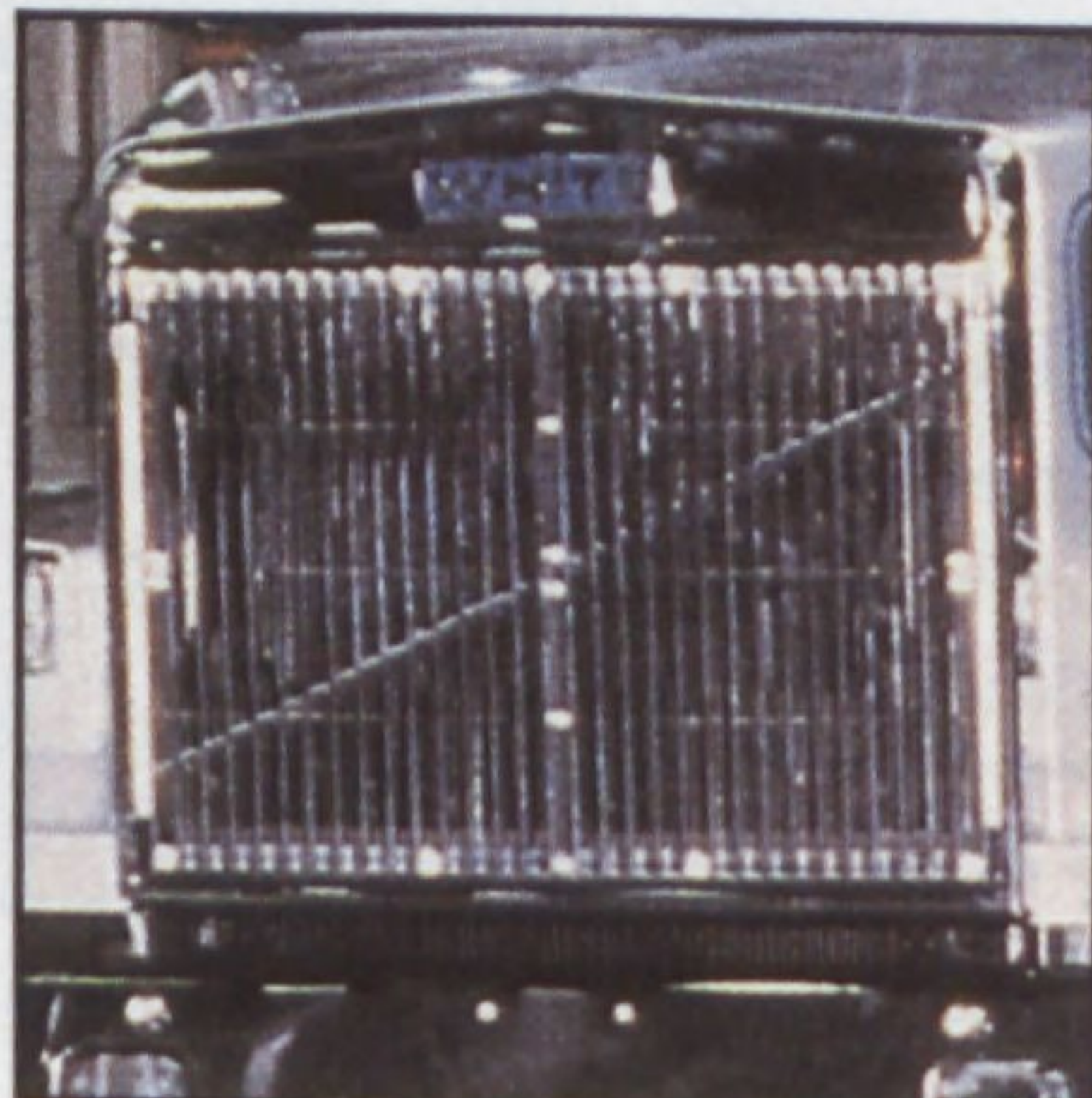
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# 20-Group Ideas

## The Importance of Attitude

"Attitude is our most important asset," says NADA 20 Group dealer Robert Zamora of Lodi Honda in Lodi, CA. He thinks a great attitude must prevail in order to achieve maximum profits. To accomplish this, he says dealers should implement the following:

1. Greet every employee daily with a smile and a kind word.
2. Never miss an opportunity to thank an employee for a job well done.
3. Make it a policy that employees are not permitted to argue or be unfriendly with customers. Even if a sale is lost, an employee is to smile, thank the customer for coming in, and ask for an opportunity to serve the customer in the future.
4. Have department managers inform each new employee that you expect a great attitude. Negative attitudes are not permitted to exist in the store.
5. Plan company functions such as a yearly picnic and holiday party for employees and their families. These are excellent times for you to talk (and listen) to your employees.

### Convention Incentive Program

The best idea this month is to begin an incentive program for your managers with the prize being an expense-paid trip to the 1984 NADA Convention and Exposition in Dallas.

Why a trip to the convention?

- Your manager will be attending workshops and learning "profit-boosting" ideas to bring back to the dealership.
- You and your manager can tour the exposition floor together to consider equipment acquisitions.
- You will have the opportunity to improve relations with your manager while attending the convention's social functions.

A game card is coming to your dealership to help you set up some incentive plans for your dealership. Here are some departmental objectives to work toward:

- Improve your inventory control to turn your dollars in the new-vehicle department in 45 days and in used vehicles in 30 days.
- Increase the number of labor hours per repair order. A good guide is at least 2.2 hours per repair order.
- Improve your gross dollar turn in parts. (YTD inventory investment divided by YTD cost of sales should equal 2.7 months' supply.)
- Improve your parts efficiency. (YTD requests filled from inventory divided by YTD total requests should equal 82 to 92 percent.)

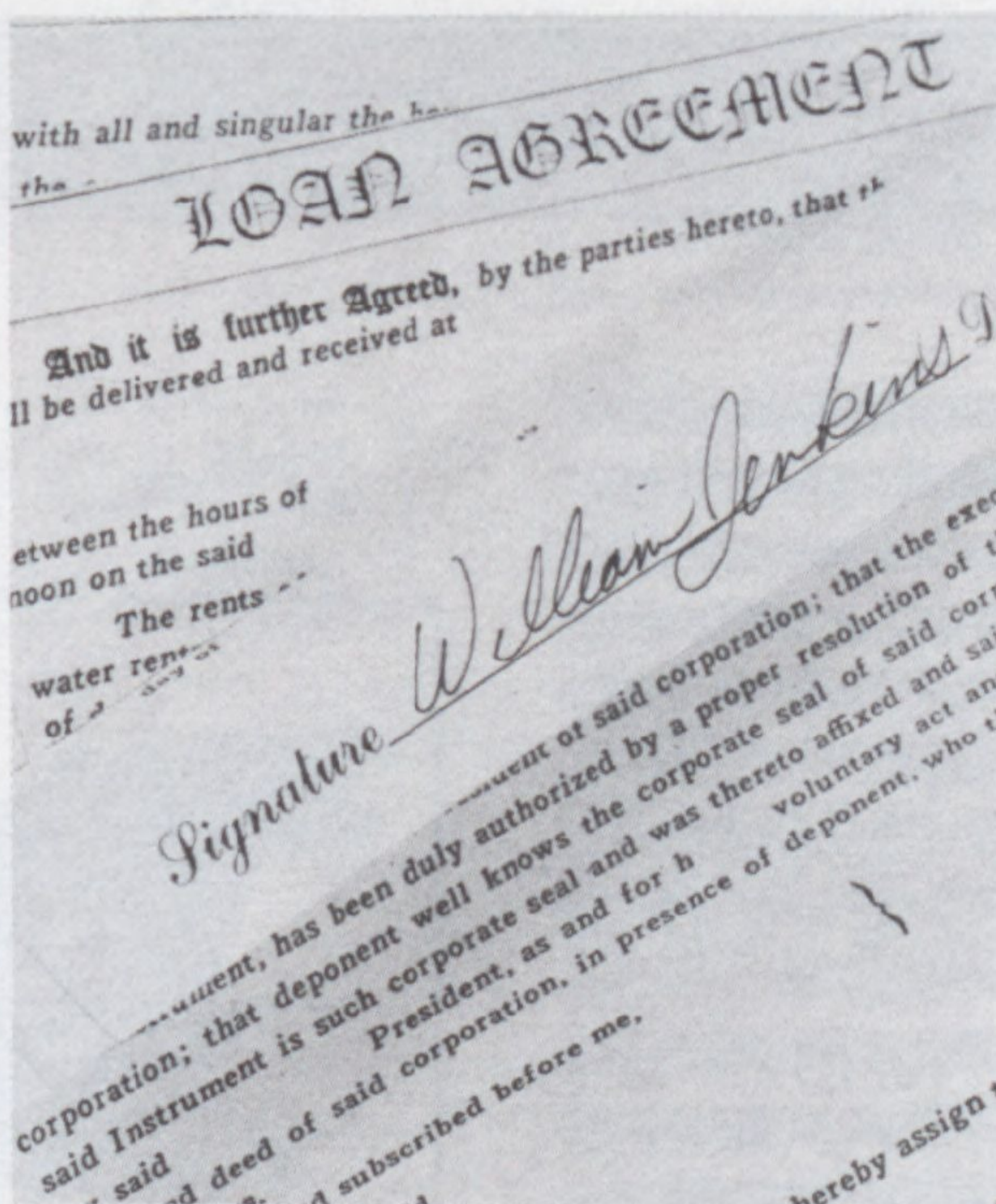
### Calling Attention to Maintenance Schedules

McWilliams Ford Ltd. in Indian Head, MD, takes advantage of the manufacturer's recommended maintenance schedule for new vehicles as a way of bringing in service business. The dealership reprints these schedules on flyers and distributes them at the time of new vehicle delivery. All too often the owner's manual goes unread and maintenance work is forgotten. McWilliams adds his own recommendations for service, and attaches a coupon good for 11 oil changes at regular 5,000 mile/6 month intervals.

### Reviewing ROs

An idea that is not new, but one that should be implemented, is to review your repair orders at month-end. An NADA 20 Group dealer analyzed 92 ROs one month and had an eye-opening experience. He found that 51 percent were one-item repair orders, 23 percent were two-item, and that the ROs were *without* customer phone numbers. No phone numbers meant no follow-up marketing and no supplemental repair approvals. Twenty-seven percent of his ROs had no parts sales and an additional 28 percent listed only one parts item sold. Profitable 20 Group dealers sell approximately \$.90 worth of parts for every \$1 in labor sales.





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# Executive Notes

**Ford Model T is 75 years old.** A symbol of low-cost, reliable transportation, the Ford Model T (opposite) first chugged into history 75 years ago on October 1, 1908. Designed to be simple to operate, easy to repair, inexpensive and durable, the car was an immediate success. The first year's production reached 10,660 units, breaking all industry records.

Subsequent production records of the "Tin Lizzie" were made possible through Henry Ford's perfection of mass-production methods. Seventy years ago (October 7, 1913) Ford began assembling the chassis for the Model T on a moving assembly line.

By the time Ford ceased production on the Model T in 1927, more than 15 million had been built. ■

**Dealer awards donations.** Northwood Institute has received a \$10,000 gift from Walter and Robert Stillman of Stillman & Hoag Inc. of Englewood, NJ. At the same time, the Stillmans gave a matching gift to the Automotive Hall of Fame. The donations, independent of each other, were made in support of expansion programs underway by both institutions.

In presenting the gift to Dr. David E. Fry, president of Northwood, Walter Stillman challenged fellow dealers to match or beat them in their support of the college's 25th anniversary expansion drive. "Northwood does a magnificent job of preparing men and women to enter and carry on the work and traditions of this great industry and the free-enterprise system under which it operates," he said. ■

**GM recalls workers.** An estimated 4,300 indefinitely laid-off employees will be called back to work by December 12, when General Motors plans to reinstate the second work shift at the GM Assembly Division plant in Framingham, MA.

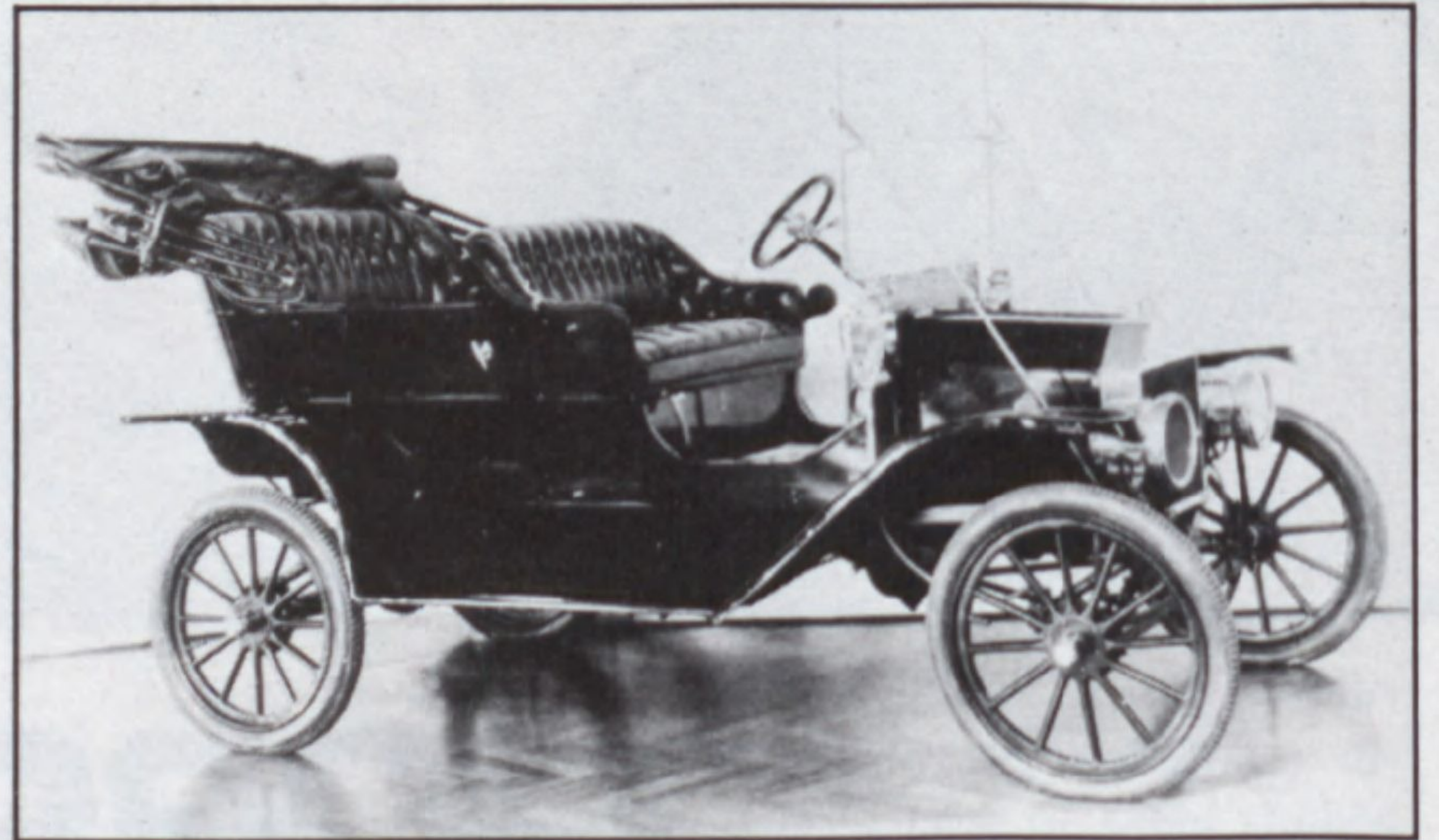
The Framingham plant resumed production on one shift last March, producing Chevrolet Celebrity and Oldsmobile Cutlass Ciera models after having been idle since October 1982.

GM also plans to reopen its idled assembly plant in the Lakewood district of Atlanta, closed since September 1982, to produce Chevrolet Chevette and Pontiac 1000 models. An estimated 1,650 indefinitely laid-off employees will be called back to work at Lakewood. ■

**Nissan holds dedication ceremonies for Tennessee plant.** Tennessee Gov. Lamar Alexander, Sen. Howard Baker, Takashi Ishihara, president of Nissan Motor Co. Ltd., and other dignitaries participated in October's grand-opening ceremonies for Nissan Motor Manufacturing U.S.A.'s Smyrna, TN facility.

"The presence of so many distinguished leaders at the opening of Nissan's first U.S. manufacturing venture underscores the significance of this company in escalating economic cooperation between the U.S. and Japan," said Marvin T. Runyon, the company's president and chief executive officer.

8 The plant began producing light trucks in June, almost two



*The Ford Model T*

months ahead of schedule. The 3.4 million square-foot facility includes stamping, body assembly, paint and final assembly areas, administrative offices, service buildings and a training center. It also has a vehicle test laboratory and test track.

By mid-1984, the facility will employ 2,000 people and produce 10,000 trucks a month on one shift. The plant represents the largest investment by a Japanese company in the U.S., with capital expenditures and operating costs associated with production start-up totaling more than \$660 million. ■

**All-time sales record for GMC.** Sales of GMC trucks reached an all-time record of 6,944 in the first 10 days of September. This sales surge broke the former September 1-10 period sales record of 6,519 set in 1976.

GMC deliveries for the 1983 model year, which ended September 30, totaled 238,561, a 19 percent improvement over the 1982 model year pace. ■

**Car theft is big business.** More than a million vehicles are stolen each year, according to the Automotive Information Council (AIC). Car theft is a big business, expected to cost consumers \$4 billion this year, and is a primary reason for the rising cost of auto insurance.

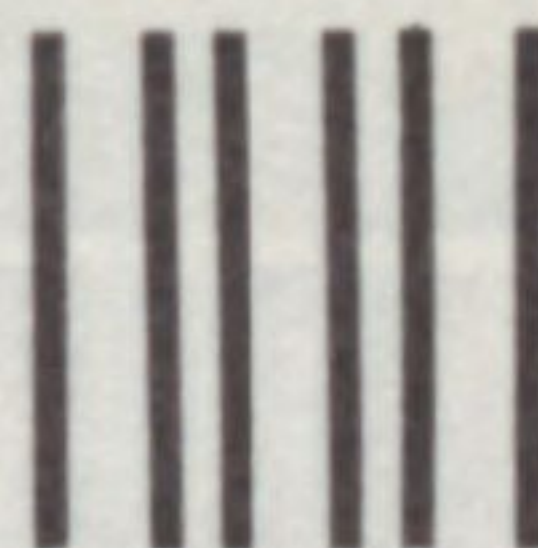
The rate of stolen cars recovered in good condition is now down to about 52 percent, from 83 percent in 1974. The reason for this reduced rate is that many of the cars end up in a "chop shop," a facility designed to quickly dismantle a car within minutes for its spare parts which are then sold at bargain prices. They can make up to five times a car's original value by selling its parts. ■

**A Corvette is a Corvette is a...Fiero?!** The editors of *Automotive Executive* regret to report that two color photos were transposed in last month's issue in the article, "Double-header."

The photo on page 46, captioned "The Fiero on a clear day," is really the Corvette. And the photo on page 52, captioned "The best statement of Chevrolet value," is really the Fiero.

The editors apologize to Messrs. Hoglund and Stempel. □





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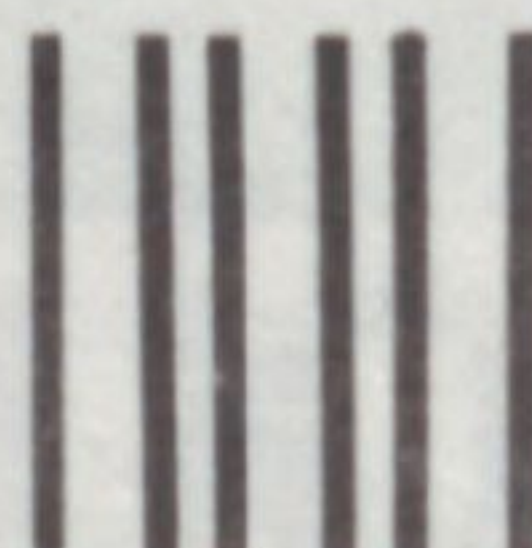
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## Massachusetts Enacts "Lemon Law"

**I**n mid-October, Governor Michael Dukakis of Massachusetts signed into law that state's "Lemon Law," which will give purchasers the right to a refund or replacement from the manufacturer. The law goes into effect January 1.

Massachusetts joins 16 other states that have adopted similar laws during the past two years, including Delaware, New Jersey and New York, whose Quality Product Law went into effect on September 1.

In Pennsylvania, the state's lemon law legislation, H.B. 1405, was released from the House Consumer Affairs Committee in early October and went to the full House. The Pennsylvania Automotive Association (PAA) is working to defeat any legislation which would enjoin the dealer in the proceedings with the manufacturer. ■

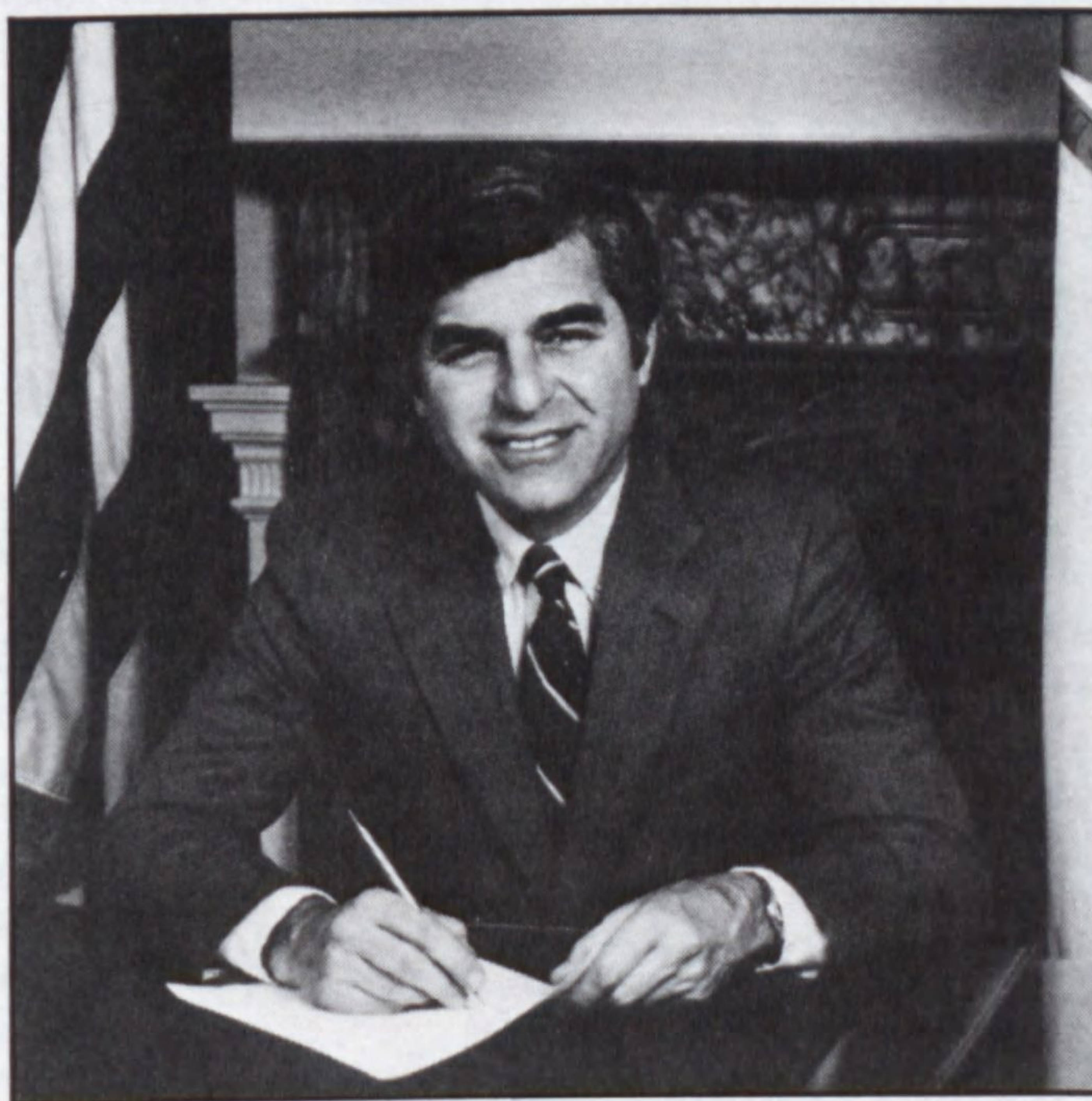
### **New Kansas AUTOCAP Hard at Work**

The Kansas AUTOCAP, implemented August 30, has received wide publicity throughout the state. In its first three weeks of operation, it received more than 20 consumer calls, out of which five "formal" complaints were generated.

The Kansas Motor Car Dealers Association's (KMCD) program is the 47th AUTOCAP in the U.S. ■

### **AADA Urges Drivers To Buckle-Up**

The Arizona Automobile Dealers Association (AADA) has been working with the Arizona Department of Health Services to encourage drivers to wear seat belts and to spread the word on a new state law requiring child restraint seats for children age four and under. As part of this effort, AADA sponsored a public awareness contest this fall, in which consumers picked up entry blanks at new-car dealer showrooms. ■



*Gov. Michael Dukakis of Massachusetts, who signed bill into law.*

### **Two Associations Open New Headquarters**

Two new association headquarters buildings have recently been completed.

The South Dakota Automobile Dealers Association and the South Dakota Trucking Association recently held a ribbon-cutting and open house for their new 5,220-square-foot building, which will house association staff and rental offices.

The Detroit Auto Dealers Association also moved into a new headquarters building, a 7,800-square-foot facility in Metropolitan Detroit. ■

### **GNYADA's Public Service Announcements**

The Greater New York Automobile Dealers Association, in a move to promote safer driving and a better understanding between dealers and consumers, has released a series of public service announcements for use on radio stations in the New York metropolitan area.

The 30- and 60-second messages cover a variety of subjects, including automobile maintenance, defensive driving, what to look for when buying a new or used car, the dangers of drunk driving, and the procedures to follow in getting a problem resolved through the association's AUTOCAP. ■

### **Olympic Donation**

In support of the '84 Olympic Games, the Philadelphia/South Jersey Zone Buick Dealers presented a \$15,000 check to the Los Angeles Olympic Games Organizing Committee. The Buick Dealers Association will sponsor runners carrying the Olympic Torch for five ki-

lometers in the cross-country race next year. Buick is the official car of the Olympics. ■

### **Joe Barry To Retire As NADA Director**

Joe Barry of Barry Pontiac/Buick will resign as NADA Director from Rhode Island at the NADA Convention in February. Barry, a past president of the Rhode Island Automobile Dealers Association (RIADA), has served as NADA vice president for Region I, chairman of the Industry Relations Committee, chairman of the Finance Committee and, most recently, treasurer of NADA. Barry intends to remain active in the RIADA. □

*Auto Association News reports on events at the state and local level. Please send any items of interest to: Joan Rubin, assistant editor, Automotive Executive, 8400 Westpark Drive, McLean, VA 22102-3593.*



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## Hardware, Software, Investment Returns

Today's computer technology has made it possible for automobile dealers to streamline their service department operations and make them more productive, efficient and profitable. But selecting the "right" computer system, and understanding new technologies and hardware requires a great deal of time and effort if the best buying decisions are to be made.

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(For more information circle #19)



## Planning, Not Luck, Is Key to Speculative Investing

**S**oon after Charles Lindbergh appeared in the sky above Paris more than 50 years ago, the press began to immortalize him as "Lucky Lindy." Not surprisingly, Lindbergh objected to the nickname.

Luck, in his opinion, had played but a modest role in what had been a meticulously planned venture. While Lindbergh had taken a risk, it had not been a foolish one.

In aggressive investing—as in other endeavors where the outcome appears uncertain—success lies not in avoiding risk, but in holding it within acceptable limits. Indeed, risk-taking firmly rooted in discipline, prudence and thoroughness can reward investors handsomely, in some cases multiplying their money in a short time.

Many speculative opportunities carry reasonable price tags. But just how much you can afford to risk is not simply a matter of finances. Attitude is also important. If the idea of losing even small amounts of money makes you anxious, then you should bypass speculation in favor of more conservative strategies.

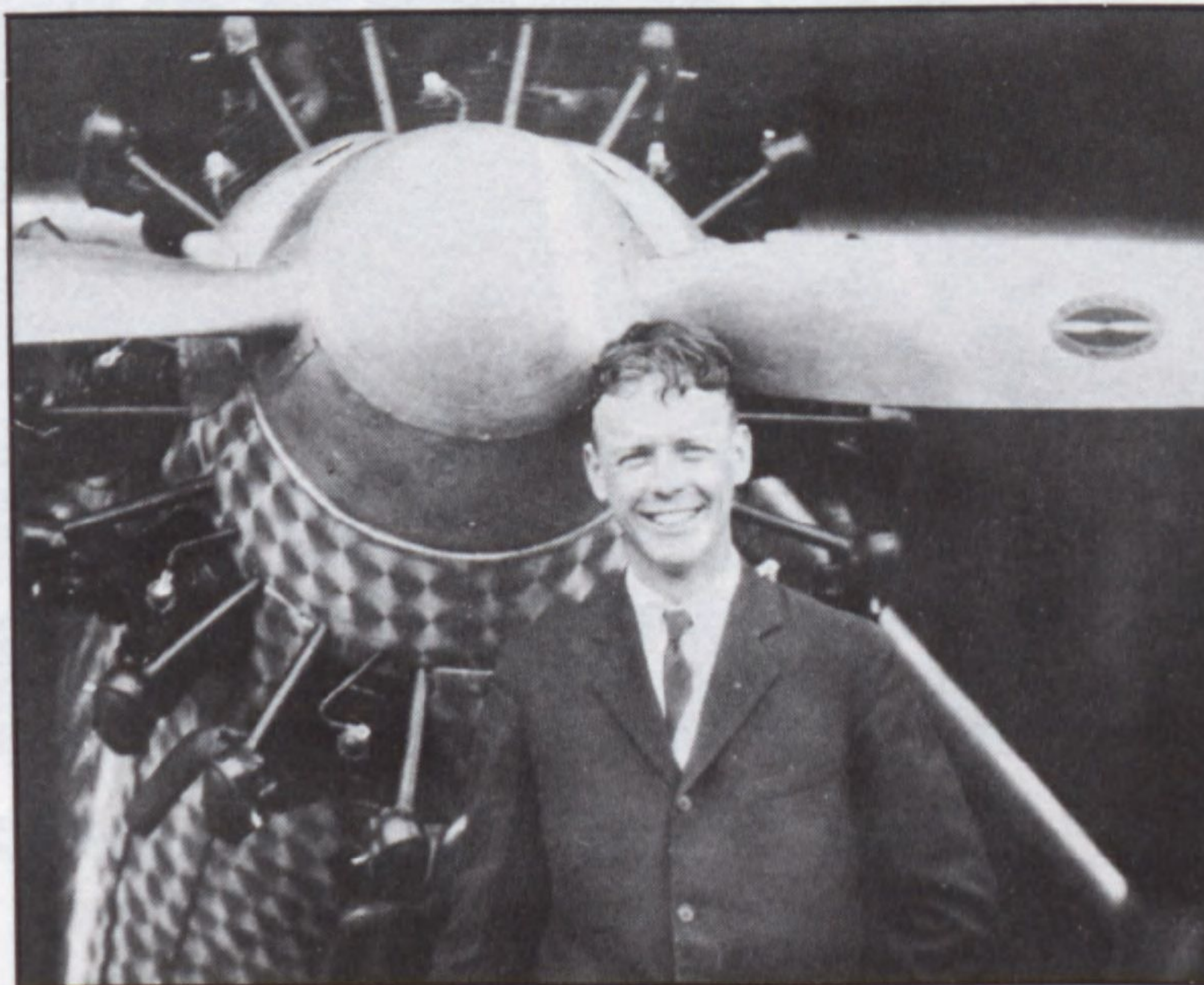
### Great Variety

The family of speculative investments is large and getting larger. Investors will find opportunities falling along the entire range of the risk-reward continuum.

Speculators most comfortable with equities often look to the stocks of emerging growth companies; turn-arounds (companies whose futures shine brighter than their pasts); cyclical (companies extremely sensitive to economic changes); and new issues (companies offering stock to the public for the first time). Short selling, also a popular speculative strategy, allows investors to profit in declining stocks.

Options and futures have grown in popularity with investors who wish to capitalize on predictions of how a stock or commodity will behave during a fixed period.

Many speculators buy stocks or bonds on margin—in effect buying with



Charles Lindbergh with The Spirit of St. Louis. (Courtesy of Smithsonian Institution.)

a 50 percent down payment and a loan from a broker for the rest of the purchase.

### Cash Cushion

Investors intending to speculate should have a cushion of cash to break any potential falls. In general, financial advisors suggest that couples forego speculation until their income reaches \$60,000 a year and their net worth—excluding a house, car or other personal belongings—exceeds \$50,000. This rule, however, is not etched in stone. People with lower net worth but no dependents and excellent earning potential can put at least a small portion of their money into riskier investments without jeopardizing their financial security.

Financial advisors have found that people who speculate feel comfortable with setting aside 10 to 15 percent of their portfolio for higher risk, high-reward opportunities. Funds earmarked for speculation perform best when risks are spread among a number of investments.

Disciplined speculators also limit their risks by cutting losses quickly when investments sour. If loyalty prevents you from cutting the cord, remember, "a stock doesn't know you own it," and your misplaced allegiance

can only make small losses much larger.

Perhaps the best way to avoid last-minute hand wringing is to ask your broker to place a "stop-loss" order at 10 to 20 percent below the investment's purchase price. Many times, you can recoup losses within this range by moving on to other opportunities with greater potential. Remember that professional portfolio managers are not expected to beat the market every time, so long as they beat it regularly.

### Research Required

What's the key to successful speculation? It's not gimmicky strategies, nor is it winner-take-all daring. It is, simply, thorough research. In addition to annual reports and prospectuses, reliable sources of information include brokerage house research reports, reputable newsletters and articles in the financial press, or business sections of local newspapers.

Carefully evaluate the material you receive. Look closely at past performance, current management and how the company stacks up against its nearest competitor and within its industry. Before making any commitment, be sure you understand how the investment works, what the potential gains and losses are, and how the investment will affect your taxes. You should never invest in a situation where the degree of risk outweighs the potential reward. □

This column is prepared as an automotive exclusive for **Automotive Executive** by Bill Waters, Director of Marketing Services with Merrill Lynch, Pierce, Fenner & Smith. Reader comments and inquiries should be sent to: **Money Sense, Automotive Executive**, 8400 Westpark Drive, McLean, VA 22102-3593.





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# SECRETARY DOLE ON DEALER CONCERNS

EXCLUSIVE INTERVIEW  
FOR  
AUTOMOTIVE EXECUTIVE

NADA President William C. Turnbull and Executive Vice President Frank McCarthy met with Secretary of Transportation Elizabeth Hanford Dole recently to discuss the drunk-driving problem as well as other issues of common concern.

The meeting took place in the Secretary's office in Washington; a text of her remarks follows.

**Q** Considering the administration's principal transportation policies, which of those affecting car and truck dealers do you feel deserve priority for attention?

**A** Safety has to take a high priority, because growing public intolerance for drunk driving is focusing greater attention on the highway death toll. More and more, people are realizing that while aircraft crashes command the headlines because they are spectacular—and because they are rare—92 percent of all transportation fatalities occur on our highways. That *should* be alarming. In 1981, for example, some 49,000 Americans died in auto crashes. That's more than all the combat casualties we suffered in the Vietnam war.

In the past, the tendency was to try to regulate safety, at the federal level, by setting safety standards on the manufacturers. In other words, put the burden of responsibility on the car. Now, I'm sure we all agree that we want our cars and trucks to be as safe as we can make them, but we also



DOT Secretary Elizabeth Hanford Dole will be the keynote speaker at NADA's February convention in Dallas.

Charles Feil



**250,000 people  
died in alcohol-  
related accidents  
in the last 10  
years in the U.S.**



Charles Feil

*NADA President Turnbull and Executive Vice President McCarthy pose with Secretary Dole.*

have to face the fact that motorists have an obligation to drive responsibly. That's the direction we're taking in our anti-drunk driving and safety belt programs, and I'm convinced that it's a comprehensive approach that will ultimately make highway travel much safer. It's also an approach in which everyone—the nation's car and truck dealers included—can participate.

**Q** We're seeing some results from that approach already, aren't we?

**A** Yes. We had a 10 percent drop in fatalities last year—10.2 percent to be precise, and that's encouraging. Our analysis suggests a number of reasons for this drop, including a 6 percent decline in the number of young drivers. Since 16- to 19-year-olds have the highest fatality involvement rates, the decrease in their numbers over the past two years probably contributed to the overall drop in fatalities. The economy, too, may have played a role, but there was a 1.4 percent increase in vehicle miles traveled during the year—so that can't be the whole story. We have to conclude that the greater national awareness of the drunk driving problem, along with a growing determination to do something about it, has been a factor in the lower death toll. Then, too, there has been a modest increase in the use of safety belts. Each 1 percent increase there translates into about 200 lives saved. And the increasing number of states with child safety seat laws may be beginning to have an impact.

**Q** How does this greater emphasis on safety affect car and truck dealers?

**A** There's an opportunity to *sell* safety. At one time, vehicle manufacturers took the position that there was no market for safety features. Today, it's different. There's a greater public awareness of safety issues. For example, we get about 600 calls a day on our NHTSA (National Highway Traffic Safety Administration) "hotline," and most pertain to the safety or economy of operating a vehicle. I think there's no question that safety features and crash "survivability" represent a present and growing concern—and it's a plus factor for the dealer who sells a car that combines good styling and economy and other value features with a high safety rating.

**Q** Can you give us an overview of what DOT is doing to address the very serious problem of drunk drivers on our highways?

**A** Drunk driving laws, of course, are set by the states and enforced at state and local levels. We work with the states, to provide technical assistance in setting up special task forces to deal with the problem—and those are proving highly effective. In the last two years alone, more than 500 drunk-driving bills have been introduced in state legislatures and new laws have been adopted, or existing laws strengthened, in all but a few of our 50 states.

The Presidential Commission on Drunk Driving, chaired by John Volpe, a former secretary of transportation and governor of Massachusetts, has been instrumental in focusing public opinion on the problem and making recommendations such as the



raising of the legal drinking age in all states to 21.

We're developing a "Youth Alcohol/Safety Belt Guide" and I have met personally with organizations of teenagers who—in turn—pass the word among their peers on the dangers of drinking and driving. We also work with a number of national organizations, like the National Association of Counties, in sponsoring workshops on how to deal with drunk driving.

Finally, federal law permits us to award incentive grants to states that meet certain anti-drunk driving criteria, including the mandatory suspension of driver's license, mandatory jail sentences for anyone convicted of DWI more than once in any five-year period, and a blood alcohol level of 0.10 percent as proof of intoxication.

**Q** Those are criteria that states *must* meet?

**A** Congress wrote these into the law, but, yes, the states must meet the criteria to qualify for our incentive grants. The incentives can amount to as much as 30 percent of the state's highway safety funds, plus a supplementary grant of 20 percent if they meet other criteria. The money, incidentally, has to be used to fight the drunk driver problem.

NHTSA has operated an alcohol countermeasures program for years, primarily through the federally assisted Alcohol Safety Action Program. But the campaigns mounted in recent years by citizen activist groups—most notably, Remove Intoxicated Drivers (RID) and Mothers Against Drunk Drivers (MADD), have been most effective in generating broad public support for tougher drunk-driving laws, stronger enforcement or stiffer penalties.

**Q** What can dealers do to help solve the drunk-driving problem?

**A** They are already doing a lot. For example, a group of dealers in the Washington area formed Dealers Against Drunk Driving (DADD). Other dealer groups have taken similar steps and, of course, we would be pleased to see still more dealer organizations follow suit.

Joining the national movement to curtail drunk driving strikes me as an appropriate and supportive way for automotive dealers to expand their involvement in community affairs.

I would agree with the statement you made in your magazine's editorial last June, that "dealers have an obligation to become part of the solution to the problem

of drunk driving." We are also pleased that NADA has been invited by President Reagan to serve on the planning group for National Drunk and Drugged Driving Awareness Week, to be observed December 11 through 17.

**Q** To turn to a related subject, what can we look for in the way of more persuasive appeals from DOT/NHTSA that will prompt more people to use safety belts? How can dealers help?

**A** The real thrust of our national safety belt campaign is to see the safety belt reminder become ubiquitous in our society, so that it becomes ingrained in the public conscience. We're doing that through a comprehensive national campaign which, I'm pleased to say, has strong support from the private sector, including the auto industry.

Since this program began, seat belt use among adult drivers has increased about five percentage points. Some of the best results, we have found, come through employee education and incentive programs. At DOT, for example, we improved the safety belt record of our employees from a 23 percent compliance rate to about 60 percent in a matter of a few months. Dealers can help by instituting similar programs for their personnel. I think it would also be a tremendous help nationally if all dealer sales representatives wore their safety belts during demonstrations, and advised customers of how easy and comfortable today's safety belts are to use.

In that regard, we have worked out a pilot program with NADA which includes materials dealer personnel can use to promote safety belts. We have been testing these materials around the country.

The seat belt is clearly the single most important safety device on our cars. It's not an "add on" or an extra-cost accessory. But it has to be worn to do any good. We think that with NADA's help, we can go a long way toward convincing more motorists to buckle up.

**Q** What do you see as the future of the air bag? How does the administration view the passive restraint issue?

**A** I believe passive restraint systems should be tested in the marketplace. We're going to get 5,000 cars in the government fleet equipped with air bags, and several state law-enforcement agencies will retrofit their police cars with driver-side air bags. These, and perhaps other fleet tests, will enable us to do real world observa-

**The U.S. has one of the safest highway systems in the world, due in part to design characteristics, guard rails, highway markings and signs. It has relatively few fatalities per 100-million miles driven, but the portion of accidents involving alcohol is among the highest in the world.**

Every year in the U.S., 70,000 persons are injured in alcohol-related crashes.



**More than 65 percent of all fatal single-car accidents in the U.S. are alcohol-related.**

tions of air bag technologies and, at the same time, create greater market incentives for passive restraints. At the same time, pursuant to a recent decision by the courts, we are reviewing whether (and in what form) passive restraints should be required by federal regulation.

**Q** What has DOT/NHTSA found out about the crashworthiness of today's lighter, smaller cars? Does your research show that people are safer or less safe in them?

**A** The answer, as you would expect, depends on the circumstances of the crash. In a crash between a 2,000-pound compact and a 4,000-pound standard-size car, the law of physics will invariably rule against the occupants of the lighter car. Our research, however, demonstrates that the smaller, lighter-weight cars *can* be built with a substantial degree of survivability. We crash-test cars under laboratory conditions at 35 mph, 5 mph above the compliance standard. We test—using instrumented dummies—for head-injury criteria, chest deceleration and femur (thigh) load. Which means we determine how severely the impact of a 35 mph crash would be on the human body—both driver and front-seat passenger.

As a part of each test we also measure whether the vehicle retains its windshield, whether vehicle parts intrude into the occupant compartment, and whether the fuel system is ruptured.

These tests have been going on since 1979, and we have found significant improvements in the crashworthiness of cars—particularly small cars—over that period of time. Our most recent tests, on 1982 and 1983 models, indicate that the manufacturers, on the whole, are doing a pretty good job of designing and building cars that will protect their occupants in a low-to-moderate speed crash.

A few of the smaller, predominantly import cars have not fared as well as the larger, domestic products—but, by the same token—others have scored very well, indeed. The Japanese cars, as a group, did poorly in the early tests. Since then, however, the manufacturers have voluntarily improved the safety aspects of their cars, and our laboratory crash tests reflect those improvements.

Again, let me emphasize that none of the cars tested would show up very well if their occupants were not restrained with the vehicles' standard safety belt system. It's not so much the size of the car that makes the life-and-death difference; it's the willing

persistence of people to "get it together"—to wear their safety belts—*every time* they go anywhere in a car.

**Q** Do you have any comment about trends in auto recalls?

**A** If there is a trend, I think it is a growing awareness on the part of the manufacturers that it is simply not good business to delay or try to circumvent a problem. Of the some 3,800 recall campaigns of the last 17 years, only about 15 percent were ordered by government. All recall notices, of course, are issued by the manufacturers, either on their own initiative or at government insistence, but the great majority have been voluntary. Our responsibility, through NHSTA, is to monitor the recall to assure that owners are properly advised and that the proposed repair actually corrects the defect.

**Q** With gasoline supplies now apparently ample, how are you responding to pressures to move the 55 mph speed limit upward?

**A** Saving fuel was the initial cause but not the only benefit of the national 55 mph speed limit. There is considerable evidence that compressing speeds, and narrowing the range of highway speeds, may be a factor in saving lives and reducing injuries. But you are quite correct—there is some pressure, particularly in the Western states, for a higher maximum speed limit. The National Academy of Sciences is currently looking into the whole matter and will report its findings to us by August of next year. We'll consider at that time if any adjustment in the speed limit is appropriate. Since the national 55 mph speed limit is required by statute, congressional action would be necessary to change it.

**Q** With heavier, longer and wider trucks permitted on America's highways, do you think new safety measures should be implemented to facilitate a "peaceful co-existence?"

**A** We have been working with the states over the last several months to arrive at the designated system of highway routes open to the larger trucks. The primary criterion in developing this designated system was safety—the routes chosen are not expected to pose any undue safety problems as a consequence of opening them to the larger trucks, principally the double trailers which have been the subject of most concern. And if safety problems arise,



a state may seek to have routes removed from the system. Actually, twin trailer trucks were legal in 38 states before the Surface Transportation Assistance Act of 1982 made them permissible in all states. And only three states, prior to that legislation, had weight limits below 80,000 pounds. So I don't foresee any major problems of "coexistence." Most of the truck traffic will still be on the interstates, which were designed to accommodate them, and one advantage of allowing the somewhat larger trucks is that fewer of them will be needed to carry the same volume of commerce.

**Q** Finally, what do you see for the future of America's personal transportation system that the automobile represents? And would you comment on the role of vans, buses and rapid transit as priorities for government-supported modes of transportation?

**A** The automobile, certainly, is here to stay. There is nothing in sight to preempt it. It has always been an evolutionary product, and it will continue to evolve.

The industry has made tremendous technological strides in recent years in terms of better fuel economy, lighter materials and aerodynamics.

As traffic increases, our roads will be sufficient to meet the demand. The nickel-a-gallon increase in the federal gasoline tax, which went into effect last April, enables us to increase highway funding by nearly 50 percent in fiscal 1983. That means we awarded the states \$12 billion, the highest level in the history of the Highway Trust Fund, for highway and bridge construction and rehabilitation projects.

As for other modes of transportation, public transit is essential to our urban areas and we are using one cent of the gas tax to fund capital projects—bus purchases, rail car overhauls, even new construction "starts" in a few cities.

We are also highly supportive of high-occupancy vehicles like vans and buses because, without them, many of our urban freeways and expressways would be hopelessly clogged. Let me add, in that connection, that federal-aid highway funds are available to provide interest-free loans to employers and individuals wishing to acquire vans for commuter vanpooling. Vans today represent a growing segment of the automotive sales and leasing markets.

The new mini-vans, incidentally, are another example of the ability of our auto industry to serve an ever-changing market. I think the industry, and its dealers, face a very promising future. □

NATIONAL DRUNK AND DRUGGED DRIVING AWARENESS WEEK

# DEALERS AGAINST DRUNK DRIVING

BY LOUIS V. PRIEBE

**C**ar and truck dealers can help solve America's alarming drunk-driving problem. It's a very appropriate—and highly beneficial—public service effort," reports Robert H. Fogarty, Sport Chevrolet Company vice president and the founder of Dealers Against Drunk Driving (DADD).

"By taking a solution-directed approach to gross misuse of the product we sell," Fogarty explains, "we tell the public that dealers are sensitive, involved business citizens who will take positive action in their community."

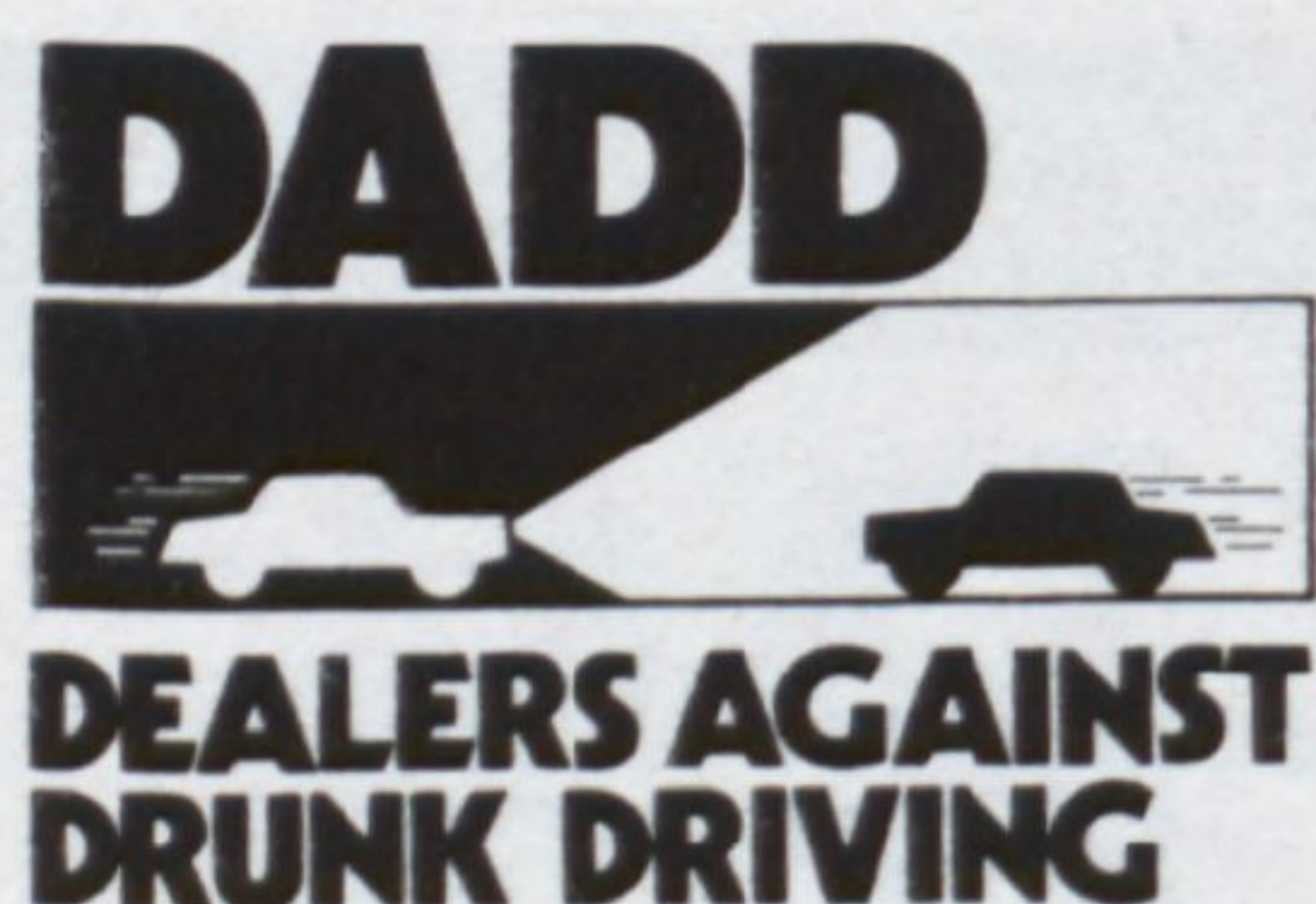
DADD was formed in December 1981 by the Automotive Trade Association of the National Capital Area (ATANCA), which serves the Metropolitan Washington area. DADD began with the help of the association's president, Gerard N. Murphy. He mobilized resources of the 150-dealer organization to support the effort. "The DADD/ATANCA program uses dealer showrooms as focal points for disseminating posters, literature and a variety of informational materials from non-dealer sources," Murphy says.

Radio and television public service announcements, dealer participation in public affairs broadcasts, press conferences and media interviews with key participants have been important communications elements of the program. Also, support for the high school prom season's "Project Graduation" and holiday "dial-a-ride" programs

According to an Allstate Insurance Company study, drunk drivers

**Every year in the U.S., 708,000 persons are injured in alcohol-related crashes.**





with other civic groups have broadened DADD involvement.

"We found that drunk driving is a highly charged emotional issue," Fogarty says. "Statistics show that 250,000 people died in alcohol-related accidents over the last 10 years. When you consider the anguish and hardships this causes family members, it means that at least several million people remain directly and profoundly affected."

The public interest in the DADD program reveals that people want something substantive done about the drunk-driving problem.

"Other groups are pushing for stricter police enforcement, stronger laws and more severe judicial sentencing," Murphy observes. "DADD's approach is educational. We want motorists to be aware of how alcohol impairs their ability to drive a car or truck. And we want them to know that, if they drink too much and try to drive, the consequences of their bad judgment will be catastrophic."

"We realize that drinking is—right or wrong—a part of the real world. We encourage people who are driving to limit their consumption and, therefore, impairment. If they've exceeded their personal limit, we suggest they take a cab home or catch a ride with a friend. Our message is one of moderation and responsibility," he says.

As a reflection of mounting public hostility against drunk drivers and the effects of stiffer law enforcement, people are more likely to be apprehended and arrested if they drive drunk. Penitent offenders have become painfully aware of how juries deal with such offenses, particularly if they involve an accident. Finally, the aftermath of

being labeled a drunk driver or of causing an accident while under the influence carries an increasing social stigma.

"Two million drunk-driving collisions occur each year, according to the National Highway Traffic Safety Administration," Fogarty says. "And chances are good that the people who caused these senseless crashes were in a dealership sometime during the last year. We think that while they are thinking about transportation, we have an excellent opportunity to show them we care about their safety by promoting responsible driving behavior."

Murphy notes the program has created some important side benefits for local dealers. "For example, we've developed favorable working relationships with government officials concerned about transportation and safety. When we've gone to them with matters directly affecting dealers, we find much greater access. Our dealings are based on established friendships and mutual respect."

He also says that media contacts the association has developed through the DADD program have provided favorable exposure for the dealer association. "Now, when we meet with reporters on important industry issues, they know us. Communication is easier," Murphy reports.

The program didn't take new personnel or expensive equipment. "When we evaluate DADD by its return on investment," Murphy says, "it is our best possible public relations program. Using existing resources, it has been a major factor in improving dealer image in the metropolitan Washington area."

Murphy says that existing materials of federal and state government, auto man-

## HOW TO FORM A DADD CHAPTER

1. Write NADA's public relations director, Louise Priebe, for a kit of materials and useful information.
2. Identify dealers who are genuinely concerned about the drunk-driving problem and form an acting committee.
3. Decide which of the optional activities best suits the special needs of your area.
4. Decide which, if any, groups that are already working on the problem might be contacted for possible cooperative activities.
5. Assess priorities and budget potential costs.
6. Structure a program that combines effective appeals and communications.
7. Publicly commit your intent at a press conference and begin implementation.
8. Keep NADA informed of your progress so successful techniques can be shared with others around the country.



ufacturers, citizen groups, the American Automobile Association, etc., are very useful. "People are pleased by the compliment you pay them by helping distribute their materials. When you work for a common goal, resources of others are ample."

Fogarty observes that the leadership role dealers have taken on the drunk-driving issue in the Washington area has helped put them in the forefront in improving the reputation of business in general with the public. "We've earned this respect by showing we care about our customers and the motoring public at large as human beings. We want to improve the driving environment by helping reduce what we feel is the most serious problem on America's streets and highways."

Both Fogarty and Murphy encourage fellow dealers and their associations to give serious consideration to establishing DADD chapters. "The rewards are many and the costs are few," Fogarty says. □

*Louis Priebe is NADA's public relations director.*



*Murphy and Fogarty at Fogarty's Maryland dealership.*

Martin Kuhn

## NATIONAL DRUNK AND DRUGGED DRIVING AWARENESS WEEK

# WHAT OTHERS ARE DOING

**M**any associations, firms and government agencies have undertaken campaigns to counter the problem of drunk and drugged driving. Some offer films and videotapes for school and community use; others offer brochures, cassettes, posters and assorted educational material. Many of the larger organizations even run radio and television spots—all with the common goal of keeping the drunk and drugged driver out of the car and off the street.

*Automotive Executive* recently took an informal poll of affiliated organizations about their drunk-driving awareness programs. Following is a summary of the responses received. Persons interested in learning more about the various programs should write to the organizations directly.

*Information compiled by Joan Rubin, assistant editor of Automotive Executive.*

### **Alliance of American Insurers**

1501 Woodfield Road  
Suite 400 West  
Schaumburg, IL 60195-4980

"CB Radio Coalition Against Drunk Driving" kit, containing: camera-ready news story, Q&A feature story and consumer leaflet; public service ad scripts; and decals.

### **American Automobile Association**

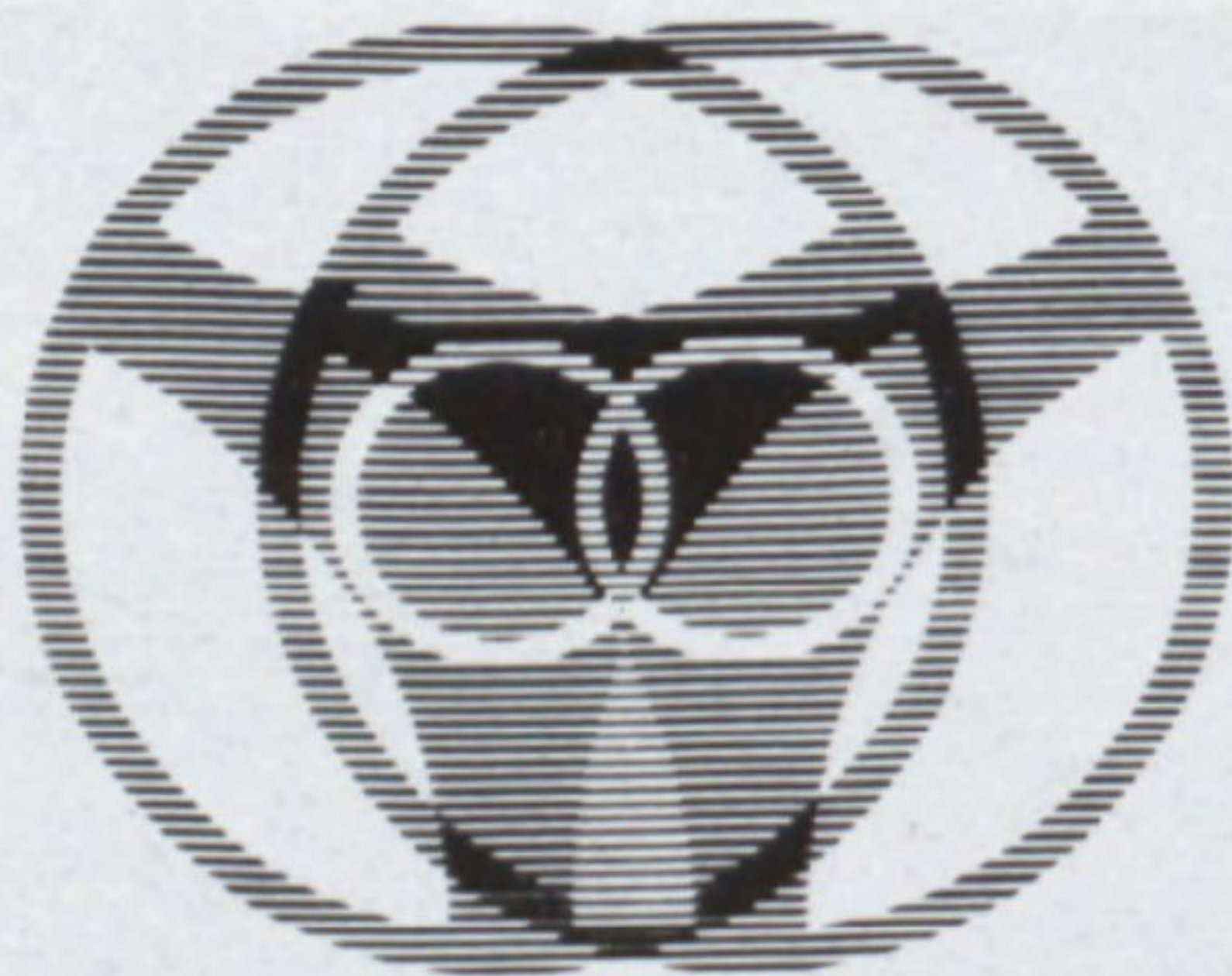
8111 Gatehouse Road  
Falls Church, VA 22047

Education programs, by age groups:

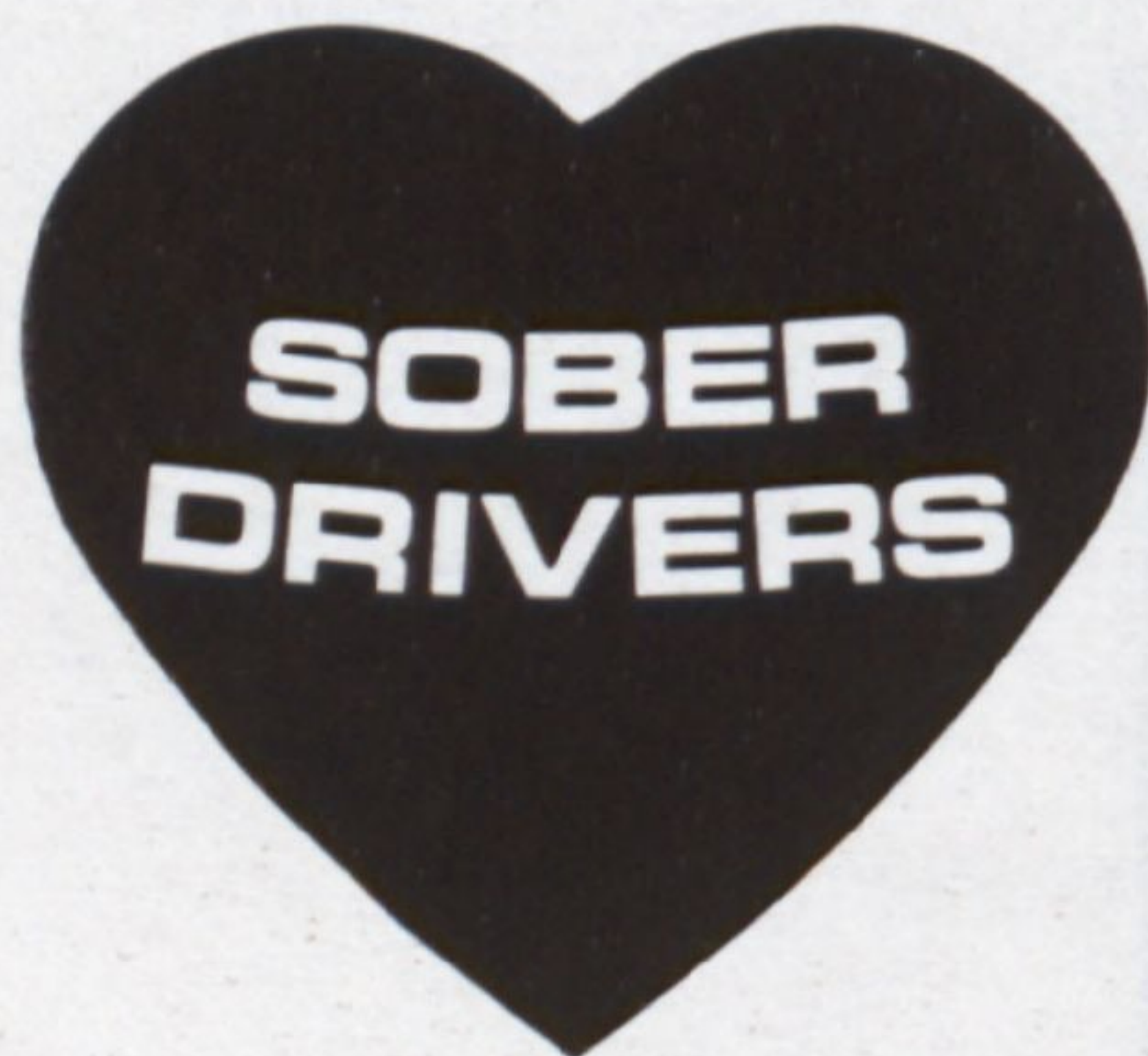
*Elementary School:* "Starting Early: An Alcohol Awareness Program" (kit includes teacher's guides, filmstrips, cassettes and game charts). Films: "Starting Early—Alcohol and Traffic Safety Education for Kindergarten Through Sixth Grade" (20-min.); three "Alcohol Trigger Films" (each 2-min.) accompanied by discussion guide; and

**According to an Allstate Insurance Company study, drunk drivers cost American taxpayers \$21-24 billion a year.**





**DON'T DRIVE  
DRUNK  
OR DRUGGED**



"Alcohol: How Much Is Too Much?" (12-min.).

*Junior High School:* "AL-CO-HOL" Program (kit includes student handbook, teacher's guide, films and supplementary materials packet). Films: "AL-CO-HOL: A Mini-Course for Junior High School" (28-min.); three "Alcohol Trigger Films (each 2-min.); "Alcohol: How Much Is Too Much?" (12 min.).

*Senior High School:* "AAA's Alcohol Countermeasures for High School and Driver Education" Program (kit includes student text: "You, Alcohol and Driving," transparencies or slides, "If You Drive, What About Drinking?" and teacher's guide). Films: "Teenage Drinking and Driving—A Course for Action" (28-min.); and "Drink, Drive, Rationalize" (26-min.).

*Adults:* "DWI Counseling Manual." Film: "DWI Phoenix" (17-min). Pamphlets: "One Drink Can Be Too Many" and "Alcohol, Vision and Driving." Text: "You, Alcohol and Driving." TV psa spots: "Holiday Alcohol Highway Safety."

*Senior Adults:* "AAA Senior Adults Traffic Safety and Alcohol" program. Kit includes film, discussion guide and pamphlet. Film: "Senior Adults: Traffic Safety and Alcohol" (11-min.).

**Dealers Safety and Mobility Council**  
Highway Users Federation  
1776 Massachusetts Ave., NW  
Washington, DC 20036

Audio-visual presentations (filmstrips and cassettes, leader's guides, pamphlets and decals): "One Drink Too Many" and "Double Trouble: Drugs and Driving."

**Ford Motor Co.**  
The American Road  
Dearborn, MI 48121

Videotape (27-min.): "C.R.A.S.H. (Countermeasures Related to Alcohol Safety on the Highway)." Also available is information on the Ford-UAW in-house alcohol and drug recovery program.

**General Motors Corporation**  
3044 W. Grand Blvd.  
Detroit, MI 48202

Films: "Until I Get Caught" (27-min.); "Drinking, Driving and Drugs." Also available: 30-second psa radio scripts; and consumer information advertisements.

**Insurance Information Institute**  
110 William St.  
New York, NY 10038

"Drunk Driving Community Action Kit," containing: "Do Something About Drunk Driving" easel ad with coupons for free copy of booklet, "Drunk Driving: A Killer We Can Stop;" advertisement reproduction proofs; sample press release, letter to the editor, psa broadcast scripts and speech text; and "Impaired Driver Alert" brochure. Videotapes: "A Call to Action" (15-min.); and 30-second psa, "Erma Bombeck on Drunk Driving."

**MADD-Mothers Against Drunk Driving**  
669 Airport Freeway  
Suite 310  
Hurst, TX 76053

"MADD in Brief" brochure.

**National Association of Independent Insurers**  
2600 River Road  
Des Plaines, IL 60018

"NAIL Impaired Driver Program—Driving Alcohol and Other Drugs Off the Road" information kit, containing position paper, "Drunk Driving: Seeking an Appropriate Legislative Solution;" fact sheet, "Citizen Activists Against Drunk Driving: Guidelines to Insurance Companies for Responding to Their Requests;" pamphlets, "Alcohol, Other Drugs and Driving: A Guide for Teenagers" and "Teens, Alcohol, Other Drugs and Driving: A Guide for Parents;" speech text, "Teenagers, Drinking and Driving;" and videotapes, "Just Along for the Ride" (33-min.) and "Danger Ahead: Marijuana on the Road" (22-min.).

**Professional Insurance Agents**  
400 N. Washington St.  
Alexandria, VA 22314

Advertising reproduction proofs; brochure, "Your Life Is on the Line: What Every Consumer Should Know About Drinking and Driving;" videotape (30-min.): "One for the Road" (accompanied by October 1982 issue of *Professional Agent*, containing article about film).

**U.S. Department of Transportation**  
National Highway Traffic  
Safety Administration  
400 Seventh St. SW  
Washington, DC 20590

"How To Save Lives and Reduce Injuries: A Citizen Activist Guide To Effectively Fight Drunk Driving;" and National Drunk and Drugged Driving Awareness Week planning material. □



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# Service Contracts

Marketing protection to the used-car buyer can mean extra profit for the dealership

"We really believe in selling the service policy on all our cars," says Bill Navarre. "Even the weakest salesman in the world should sell five out of 10 customers." At Navarre Chevrolet in Sulfur, LA, 65 percent of new-car customers and 85 percent of used-car customers buy extended service contracts.

\*\*\*

Alan Hyatt's Chrysler/Plymouth store in Smithfield, NC, achieves a 60-percent absorption rate on used-car sales by selling four times as many used cars as new. He says, "I don't bother with used-car service policies. I make a good gross without them, and my business is built on a reputation of backing up what I sell."



by Ted Orme

**S**o—what's the story on used-car service contracts? F&I company salespeople by the score have no doubt been telling you how much money you can make with their policies. And experience, your own or others, like Navarre and Hyatt, may confirm or refute those claims. But for many dealers, the question remains: does this popular, well-proven aftersale item for new cars produce profit or problems when applied to used cars?

To shed a little light on used-car service contracts, *Automotive Executive* again went to the best information



source available—the dealers themselves. We asked our 20-Group experts for names of dealers, large and small, with strong used-car sales. The experience of this small, but (hopefully) representative group was varied and enlightening.

### **"No Reason To Change"**

Only Hyatt did not sell used-car service contracts. But his reasoning seemed sound. Hyatt, who is not naive about the profit potential of aftersales—he achieves a 75 percent F&I penetration on new-car sales—points out that he sells in a rural area where word-of-mouth advertising is the strongest marketing tool.

"These people talk," says Hyatt. "They sit around on their front porches and talk about everything. If they got a good deal on a used car from Hyatt Chrysler/Plymouth, they tell their neighbors about it. They tell them we stand behind our cars. If anything's wrong with the car, we make it right."

As a result of this country grapevine, 60 percent of Hyatt's used-car customers come from outside the county, drawn by his reputation for a large selection of "top-quality, reconditioned" used cars, priced fairly and backed up by a 30-day warranty that is frequently extended to cover unexpected repairs. Pricing is kept low enough to ensure a high turnover, but high enough to offer enough gross profit to cover the cost of repairs in or out of warranty.

"It's a small price to pay for the best kind of advertising there is—your reputation," says Hyatt. "I've been doing it this way for years, and I see no reason to change."

### **Low-Cost Protection**

Chuck Olson Chevrolet, Seattle, sells 180 to 200 used cars a month—three times the number of new-car sales, and Olson agrees that the key to a successful used-car operation is a sound reputation for taking care of the customer. To him that means good cars, prices,

service and warranty.

"Our own warranty is just 30 days on late model cars and 'as is' on older models," says Olson. "Yet we give customers the impression, which is true by the way, that if they have problems they shouldn't have, we will take care of them, warranty or not. And we do, but it's my choice."

This practice has been the mainstay of Olson Chevrolet for the past 19 years, but the company does not overlook the profit potential of extended service contracts. About a quarter of both new- and used-car customers are sold a choice of two independent service contracts, which Olson says he can sell for less money than the factory programs. This ties in to his philosophy of keeping the customer's cost as low as possible.

"I think it's a real mistake to try and sell the customer every dime he can possibly pay for a service contract," says Olson. "It's better for us and the customer in the long run to sell him protection at the lowest possible price because it prevents more repos and allows us to sell more contracts. I'd rather sell more contracts and make a little less profit on each one."

### **The Price Is Right**

Frank Beach, F&I manager for Bill McFadden Ford and Chrysler/Plymouth, which finances its own service contracts and pays an outside firm to administer them, agrees that pricing is critical.

"On any used car, you are obviously taking a risk," he says. "You have to price it so you are pretty well secure in your exposure. If you underprice it you're going to get killed. And if you overprice it you're going to kill your opportunity to sell it. So—if we have any problem with used-car service warranties, it is having the ability to price them correctly."

Beach must be doing something right, because of the late model used cars that qualify, 75 percent are sold with extended service contracts. It is the first aftersale item sold, and often as

part of a package which includes life and disability insurance as well. To further entice buyers and keep them coming back to McFadden, Beach offers them a coupon worth \$200 on a future trade-in with every service contract.

All McFadden used cars get a 30-day, 50/50 "A-1" policy which preempts the extended service contract. For the first 30 days the customer is liable for 50 percent of the repairs, and that "helps keep our profit level up," adds Beach. "And it can be a very profitable addition to your gross."

### **Looking for Mr. Good Gross**

Buz Sands Chevrolet in Glendale, AZ, is one of the biggest used-car merchandisers in the Southwest. The store keeps an inventory of more than 300 used cars and sells between 200 to 250 a month, plus 100 to 150 wholesale. There is potential here for some very large profits from the sale of service contracts, and F&I manager Mary Carroll reports a respectable 35-percent penetration on new- and used-car sales. But she is not happy. Her goal is 50- to 75-percent penetration, which she believes is achievable once their own, self-financed service contract program is in place.

Sands has been using General Motor's MIC program and several independent companies to fill this need up to now. But Carroll criticizes the factory plan as "awfully expensive" and says "too many misrepresent their warranty policies. And we end up having problems with our customers . . . and getting stuck on some deals to the point of being ridiculous."

Two of the companies mentioned by Carroll were used by other dealers in this article who praised their services. As in any business, however, once discontent has set in it is hard to remove. Sands Chevrolet is now working with its credit life company to set up its own service contract program for both new and used cars. Carroll's goal is to offer a service contract on every used car they sell. Even high-mileage models will get a low-cost, drive-train-only warranty,





which will be sold and followed up as aggressively as the others. This may mean a higher percentage of cars will be reconditioned—which is costly, “but it’s all profit gain in the end,” Carroll reminds us. “If the service policy will pay for it, then I’ll make more gross—and that’s what it’s all about.”

### Selling Service

“Personally, I think it’s a damn good thing, for us and the customer,” says Jack Bush of the Toyota TLC extended warranty program. The program offers up to 5-year, 50,000 mile coverage for new cars and 2-year, 24,000 mile coverage for qualified used cars. It also provides a followup service and periodically runs contests and other incentives to keep sales up. All of which pleases the owner of Jack Bush Toyota, Jacksonville, FL, and helps him achieve a 60-percent penetration on new-car sales and a 67-percent penetration on used-car sales.

Bush currently moves 55 to 75 used cars a month, but he is trying to boost those numbers to 100 to 150 a month with the recent acquisition of a 600-foot-front used-car lot down the street from his dealership. When that lot is fully operational, he says, “I’m going to try and

put extended warranties on every dog-gone one of those cars, because the extra gross helps and the policies keep customers coming back to me for service and trades.”

That is precisely why Billy Navarre Chevrolet is so big on used-car service contracts. “When we write the service contract for two years on a used car, we just about guarantee a service comeback,” says Navarre, who, in only a year and a half as a dealer, has turned his service department from a high-overhead money-loser to a proud profit center. “And if our service department treats customers properly during that time—which we do—we feel we can hold on to them from that point on. We don’t worry about the \$100 commission we might lose if we don’t sell the warranty; we worry about the service work we are going to miss for the next two or three years.”

### Selling Peace of Mind

“Extended service is the first thing we sell as our lead in to an F&I sale,” Navarre continues. “We feel it is the easiest thing to sell for both new and used cars. It’s easier to sell on a used car because new cars already have warranties and customers aren’t worried

about them. But when people buy used cars, the main thing on their minds is what they are actually getting. If they like the way the car looks, and we can guarantee it mechanically, it makes for an easier sale.”

Unlike most of the dealers we talked to, who leave the selling of service contracts almost entirely up to the F&I manager, Navarre’s salespeople and service personnel are thoroughly involved in and compensated for extended warranty sales.

“Nine times out of 10 it helps close the deal on a used car,” says Navarre. “Say the customer is looking at a nice clean car but he isn’t sure because it has 45,000 miles on it. At this time the salesman might ask, ‘If we can guarantee this car against mechanical failure for a whole year or 12,000 miles, which is time enough to see if there is anything wrong with the car, and include that guarantee in the price, would you buy it?’ Most of them say ‘yes.’”

Navarre’s staff also emphasizes the high value of his service contracts, which are placed through his state dealer services organization and an independent company.

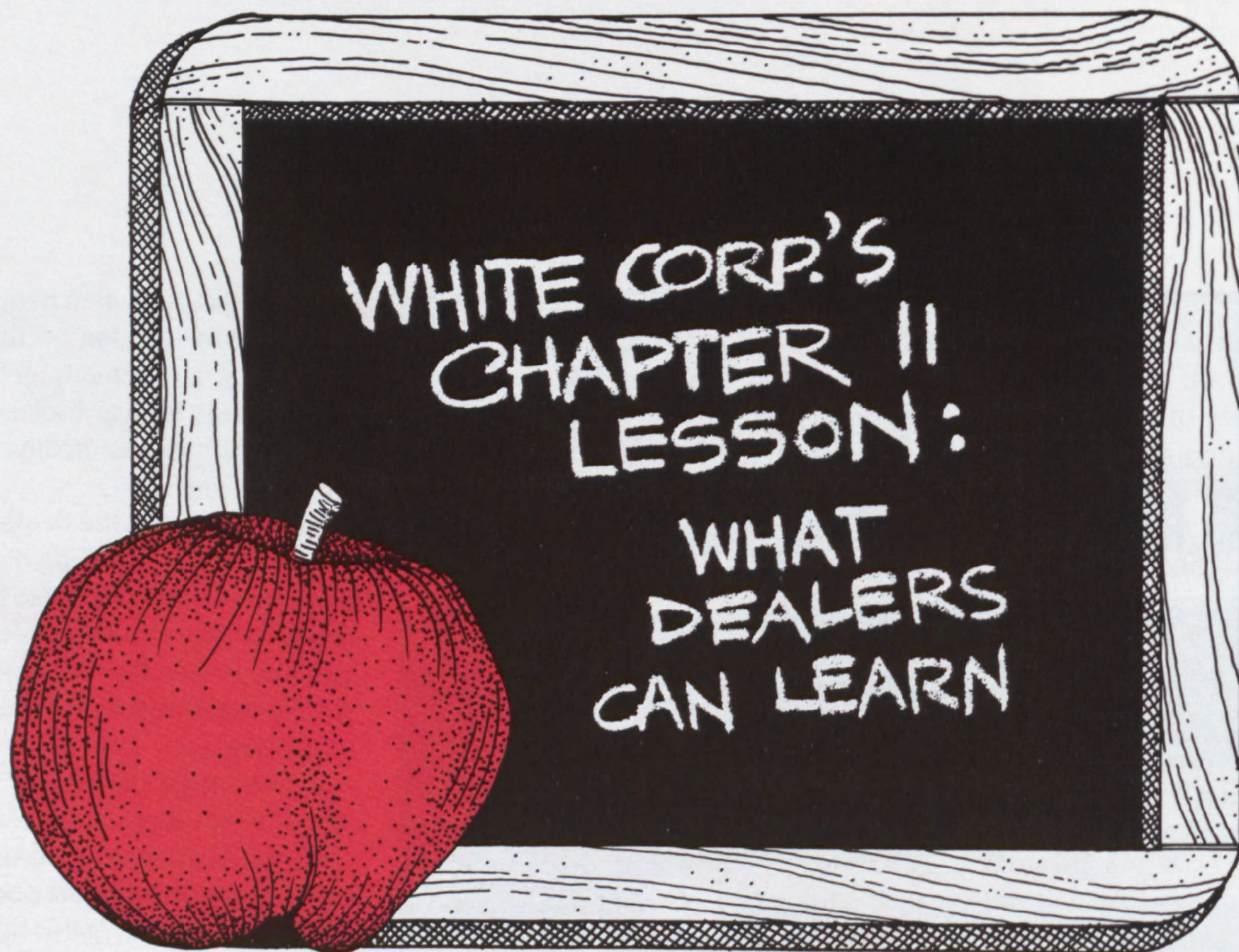
Navarre points out that extended service on appliances often run 30 percent of the purchase price per year compared to just 3.5 percent for his contract, and he asks, “Do you think your refrigerator is more likely to wear out or break down sooner than your car?”

Customers are also educated to the high cost of repairs and, here, Navarre says, “The service people are probably better at selling service contracts than the salespeople because they know exactly what is going to be covered and how much it costs to fix. They file the claims every day.”

All in all, Navarre believes extended service warranties represent a “golden opportunity for dealers with serious used-car and service operations.” And he is very convincing. □

*Ted Orme is contributing features writer for Automotive Executive magazine.*





Illustrations by Bono Mitchell

**W**hat happens to franchised dealers when their manufacturer declares bankruptcy and tries to reorganize the company?

"It was devastating when you didn't know what the future would be, what your product line would be, whom you were representing, whom you were doing business with or where your parts were coming from. We were really in turmoil," says Oregon truck dealer Al Everline, discussing White Motor Corp.'s September 1980 decision to file a Chapter 11 petition. "The biggest problem was that it eroded our customers' confidence. Competitors were able to point to the Chapter 11 filing, giving customers the impression our trucks had no resale value. That really hurt us."

The White Motor Corp. reorganization experience shows dealers the implications of a manufacturer filing under Chapter 11 of the Bankruptcy Reform Act of 1978. Dealers in similar situations can learn from White dealers how important it is to make their common concerns known to their manufacturer's creditors' committee. White dealers found out the hard way just how valuable a strong association can be.

A dispute with principal unsecured creditors forced White's management to temporarily freeze repayment of more

than \$300 million in unsecured liabilities and the interest on these liabilities. But, while freezing the liabilities under Chapter 11 enabled White to use its assets to reorganize, White dealers were shocked to learn on September 4, 1980, that their manufacturer had declared bankruptcy.

"We didn't find out they had filed until we went to work that morning," says Jim Howe of Rhode Island Truck Sales, Providence, who later became the dealers' alternate representative to the White creditors' committee. "We hadn't expected it. White's financial problems had been going on for so long, and we had had so many assurances from the company that things were all right, that to hear the company had gone bankrupt—well, it brings you up short. My partner and I were in a state of shock. 'What will we do now?' we asked each other. We had put all we had into our business—representing a manufacturer who folded. We felt like the manufacturer was hanging us out to dry."

Ken Smith of Delta Truck Sales Inc., Stockton, CA, knew that White was in bad financial shape, but was "caught by surprise because it was such a large

company and had been putting out all kinds of press releases and other publicity saying it would *not* go under. We didn't know what would happen next. Factories closed while trucks were on order and nothing moved for a period of time."

According to Smith, Howe, and other dealers, the first thing many did was look to other manufacturers and suppliers. Bob Meale of Remco Truck Sales Inc., in Florida, says that during the difficult period of the bankruptcy filing he asked outside suppliers to keep White parts available. Meale and other dealers dualled their franchises immediately. "Dualing helped create a parts overlap," Meale says.

Initially, says a White Motor Corp. official, there was tremendous confusion on the part of dealers. They were notified of the developments through bulletins, but the telephone lines were burning up between them. The reorganization brought dealers to near panic, but it also was responsible for keeping business going. With its liabilities frozen, White was able to provide funds to keep dealers functioning.

The bankruptcy filing allowed White to continue business as usual under unusual circumstances. Under Chapter 11, all company actions became subject

**by David S. Meyer**



to the approval of a new CEO, Bankruptcy Judge Mark Schlachet, and a creditors' committee with 13 voting members. The members of the creditors' committee were selected according to the size of their claims against White. White's largest debts were to insurance companies and banks.

Although (as a group) the dollar volume of dealers' pre-petition claims were not substantial compared to other creditors, NADA petitioned the court to appoint a franchised dealer representative to the creditors' committee. At that time, NADA's American Truck Dealer (ATD) Division represented a majority of the more than 250 White franchises nationwide. The court appointed Frank Baumert, Baumert Sales, Hartford, CT, an ATD White line representative, as an ex-officio committee member; he could not vote, but he could attend all meetings, make and comment on motions and be privy to all committee business.

"Frank did a great job," says creditors' committee alternate Jim Howe. "There's not another dealer in the country who could have done the job as well. Frank had 30 years' experience in the industry and a solid financial base. Besides, I think he loved it."

"Having no vote on the creditors' committee was probably the best thing for ATD because it gave us an excuse to be more vocal about dealer claims," says Baumert. "Most creditors didn't know a thing about the truck-dealer end of the business. They didn't understand the ramifications of cutting off payments to dealers. But because we stuck together and spoke with one voice, they listened. In a way, and I almost hate to say it, we were like a union."



"At first," says Oregon dealer Everline, "we didn't really know what was going on. We were totally cut off from the proceedings. But it all became a very good situation, once we knew ATD was on the lookout for our interests."

"Frank kept us pretty much apprised of what was going on throughout the proceedings," adds Florida dealer Meale.

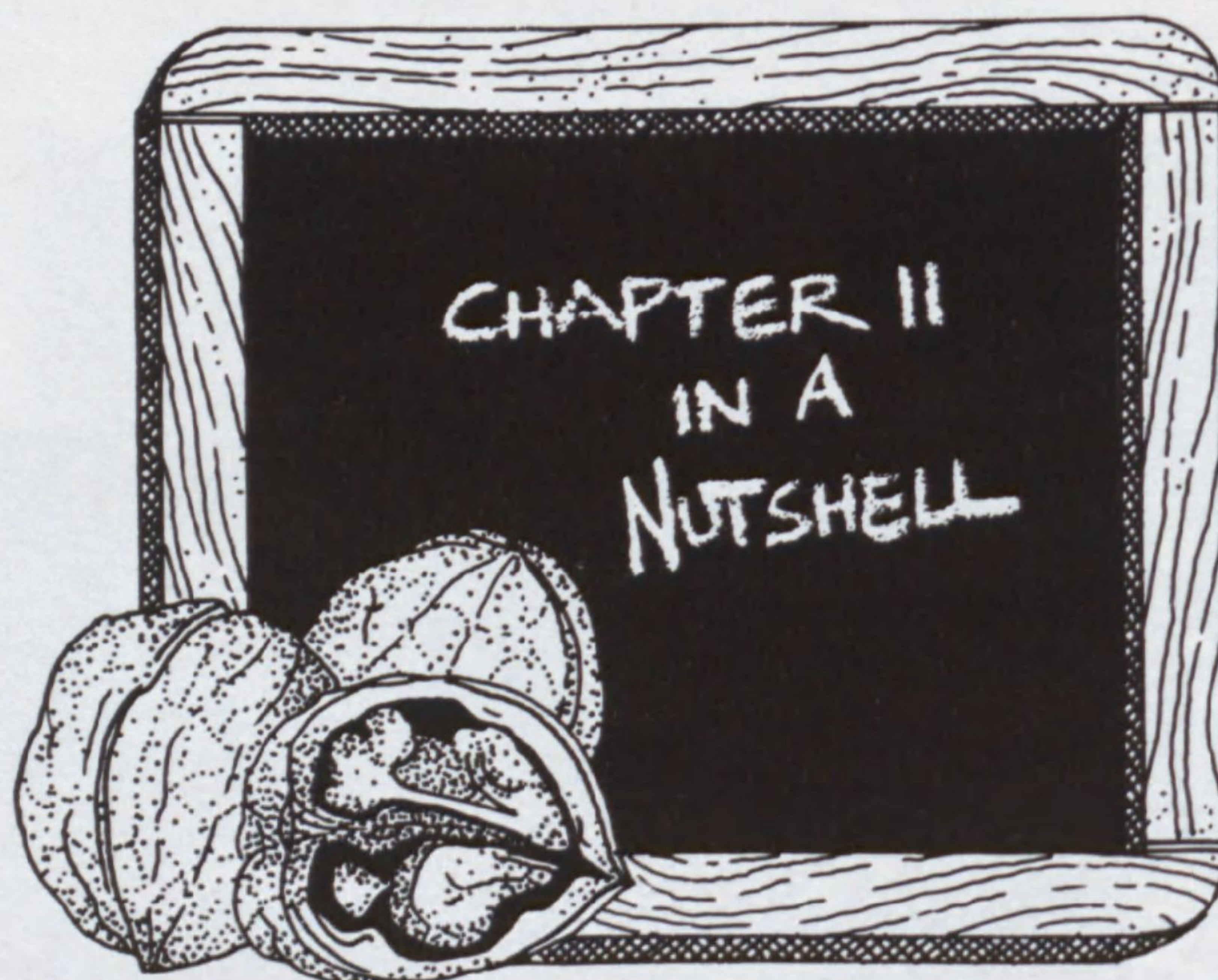
"There is no way dealers could have come out as well as they did without knowing what was going on," said dealer Howe. "ATD had publications on what went on at every creditor committee meeting. Without ATD we never could have done what we did. It could have been quite different. Without representation, our claims could have been thrown out completely. But ATD was there with a unified body of dealers in place and the funds and the know-

how to make presentations to the committee and the court. I'm now a very big supporter of ATD. The assistance and direction ATD provided White dealers was invaluable. Unfortunately, nobody realizes ATD's value until they really need it."

Once it had secured its position on the creditors' committee, ATD sent out a request to all White dealers to list their outstanding claims. About 95 percent of the dealers responded to the request, enabling ATD to establish a gross estimate of claims. ATD then made a presentation to the committee on the values of a healthy dealer organization. ATD's presentation was a success. The committee recognized that keeping the dealer organization intact added to the value of their holdings. (to page 29)

David S. Meyer is NADA's newsletter editor.





**C**hapter 11 of the federal bankruptcy code permits a business to reorganize and rehabilitate itself rather than face liquidation. A petition for relief under Chapter 11 may be filed voluntarily by the business or, in some cases, involuntarily by a group of creditors. Once the petition is filed with the bankruptcy court and the filing fee is paid, the petition operates as an automatic stay of all repossessions, debt-collection efforts and non-criminal legal proceedings. The stay has the effect of a court order and is designed to conserve the assets of the debtor.

If a dealer is involved in a Chapter 11 proceeding arising out of the operation of his or her own business, it is wise to retain counsel prior to the filing of the petition for relief. This legal assistance can aid in planning strategies to best handle the case and to answer such questions as which assets will be exempted from creditors or abandoned to them, and deciding which contracts should continue. The dealer should be thorough and careful to hire the best person available and then educate that individual about the automobile and truck business. (It should be assumed that the attorney knows nothing about the auto and truck business; most do not—even if they think they do.) An educated attorney can more easily convince the court and creditors that you are on the level in your demands, valuations and business acumen.

Along with the petition for relief, the dealer will be required to file with the court schedules of amounts

owed to creditors. For the next 120 days, or until a trustee is appointed, a dealer will have the exclusive right to propose a plan of reorganization. The bankruptcy court must appoint a creditors' committee in a Chapter 11 case for unsecured creditors. The court also may appoint a committee for the secured creditors. A creditor's thoughts are important too, because each class of creditors must approve of the plan of reorganization. Creditors are entitled to vote to accept or reject the dealer's plan. A two-thirds vote is required to approve the Chapter 11 plan; however, the court retains the power to modify the rights of creditors and to approve the plan over objections. The goal of a Chapter 11 proceeding is to obtain the court's confirmation (approval) of the plan for debt repayment.

In some cases, a debtor-in-possession or a trustee may use, sell or lease inventory and other collateral in the ordinary course of business prior to court approval. Contracts and leases, including franchise agreements, that are executory in nature may survive the bankruptcy proceeding and form the basis of the debtor's reorganization. Or, the debtor may attempt to assign or even sell the franchise agreement, leases, contracts and inventory to provide more income for creditors.

One (not so obvious) drawback to a Chapter 11 is that a business under a plan of reorganization is not fully relieved (discharged) of all obligations for deficiencies on contracts unless explicitly excused by the affected creditors. Under a Chapter 7,

for example, a discharge excuses all debts owed prior to the filing for relief except alimony and child support. If the plan does not work, there is a provision in the code that allows a debtor the right to convert a Chapter 11 to a Chapter 7, straight liquidation, or creditors may attempt to show the court why they believe the conversion should be forced on the dealer.

In the case of a manufacturer's Chapter 11, a dealer will file a proof of claim with the court describing the debts owed to the dealer. A dealer may seek relief from the automatic stay and petition the court for protections for secured and unsecured interests. A dealer will be interested in serving on the creditors' committee to assure that his or her interests are protected. Finally, a dealer will have input in the plan of reorganization and can vote to accept or reject the plan. It is wise for dealers in this situation to have competent counsel to help protect their interests. Dealers must keep informed of court activities that may affect the franchise agreement: inventory of vehicles, trucks and parts; and warranty holdback and dealer reserves. All of these subjects will be inextricably connected to a manufacturer's plan of reorganization. Above all, the dealer should become involved in the proceedings and educate the attorneys and judge about the automobile and truck business from the dealer's perspective. □

—**Rhonda Kurtis**

Rhonda Kurtis is an attorney in NADA's legal group.



On January 22, 1981, a court order authorized credits and payments for truck dealerships and salespersons of almost \$2.3 million in pre-petition liabilities. The committee unanimously approved dealer credits for warranty repair work, unpaid direct sales commissions for dealers servicing customers in their sales territories, advances in connection with White's cooperative regional advertising program, component parts returned to White under their sales agreement, and commissions in connection with White's "Sales Incentive System" program.

"We prevailed in all of our requests," says Howe. Once monies were authorized, dealers settled their claims before the bankruptcy court on a case-by-case basis.

While the dealer's pre-filing claims were being negotiated, "We went right on doing warranty work and we did get paid for it," says Smith, the California dealer. "The reorganization made each of us think about inventories. A number of dealers have dualled since as a matter of protection—it broadens a dealer's ability to get parts. Single-line dealers could have been wiped out if not for ATD."

"We just rode it out," says Everline. "We didn't want to dual because we felt we were in too big a truck area to support a multiple franchise. But we found ways to keep our parts channels open. We made deals with dualled dealers for parts and we went to outside vendors. It made the cost of doing business much higher because we had to pay freight, and without the truck manufacturer, our parts discounts were reduced. But we were determined to keep going and we did."



Frank Baumert, ATD White line representative (Gerrick Studios)



In June 1981, the court accepted a motion by White to terminate 66 White dealers, almost 25 percent of the dealer body. Terminated dealers were given 60 days to respond to the court action.

"These dealers were basically just hanging on to their franchises," a White spokesman says. "They just weren't selling enough. Few fought the decision. If a dealer was doing a job for us, he was not terminated."

"From a legal standpoint on Chapter 11 rights, nothing could be done for the disenfranchised dealers," Howe says. "These dealers were stuck with their inventory, which most were able to liquidate at some loss. All we could do was look out for the 160 to 170 dealers whose contracts were saved."

Two months later, all White dealer franchise agreements were terminated. White Motor Corp. sold its truck manufacturing assets to AB Volvo, the Swedish car and truck manufacturer. ATD voiced its concern to Volvo about the nature of the franchise agreements it would offer White dealers. Volvo invited ATD to help rewrite the dealer-manufacturer contracts, and offered franchises to almost all remaining White dealers. The new agreements were signed at regional meetings under the Volvo White banner.

According to White line representative Baumert, "There were still some things we would have changed in the franchise agreements, but they were better than they were before. ATD 29



## Number of Companies Filing for Bankruptcy On the Rise

**A**s reported in *FORTUNE* magazine's October 31 issue in Anna Cifelli's article, "Management by Bankruptcy," there is a growing trend of companies seeking refuge in bankruptcy even though they are not insolvent.

"Two years ago about 7,000 businesses sought help under Chapter 11. Last year that figure doubled, and this year it's expected to more than double again—mainly because of the recession and its aftermath, but partly also because of the 1978 reforms. When the code went into effect, some were quick to see new opportunities for fighting lawsuits, breaking labor contracts, even resisting the IRS; their efforts are now being tested in the courts. Bank-

ruptcy remains risky and costly. But even with a Supreme Court decision last year casting a cloud over bankruptcy judges' new authority, companies are continuing to find in Chapter 11 a marvelous escape hatch.

"A goal of the 1978 reforms was to speed and simplify bankruptcy proceedings. In the past, a judge had to approve or deny a company's petition for Chapter 11; now it's assumed that a company is filing in good faith and few cases are dismissed. The court no longer has to appoint a trustee to run every company with a debt of more than \$250,000. Now, unless the judge finds them incompetent or untrustworthy, managers of a company filing for Chapter 11 can count on hanging on to their jobs.

"Bankruptcy judges no longer preside over meetings of creditors, tending instead to let company management make even major decisions on its own. Bankrupt White Motor Co., for example, was allowed to sell off the bulk of its truck-manufacturing division to Volvo without official creditors' approval." □

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helped better the dealer's position in the takeover."

"The Volvo agreement was a tremendous accomplishment," says Howe. "The contract was the best we could get in the period of time we had to put it together. The new relationship is extremely superior to the old one and this is in spite of the fact that business has been so bad. Things were handled extremely well for White dealers. They are fortunate businessmen. Dealers could have been forced to pay all obligations to customers without reimbursement from the company. Except for those disenfranchised dealers, I don't know of a dealer who didn't end up with a satisfactory settlement. We probably have the highest morale in the industry today. 30 ATD put it all together."

"One reason we bought White," says a Volvo spokesman, "was that dealers had a significant investment in and commitment to the product, and stuck it out through the reorganization. Because the dealer investment was protected, it was worth something for the future."

"I must credit Volvo with the obvious intent of responding to and staying in the market. With the new products and modifications they've introduced, it looks like they're in the market to stay. They've given dealers confidence," says Meale.

Today, the White creditors' committee is still active. There is still ongoing voting on disclosure statements. At this point, however, all significant dealer business has been resolved.

"Through the infusion of capital, the reorganization helped all dealers. It put parts on the shelves," says Baumert.

A White Motor Corp. official concurs. "The Chapter 11 proceeding was very much to the benefit of the dealer organization because we were able to keep it alive and turn it over to an eager company with the proper resources."

The White official says "creditors cut off their noses to spite their faces, though they never would admit it. If they'd learned to exercise forbearance, as Chrysler's creditors did, White would still be in the truck business."

Howe disagrees. "Chapter 11 brought to an end 10 years of steady deterioration. White didn't stand a Chinaman's chance of survival with its old management." Howe says the reorganization was necessary because federal law had made it difficult to take over a company in its entirety; without reorganization, the liabilities would have been monstrous.

At the outset of the bankruptcy proceedings, according to the White official, "Dealers were saying, 'You're filing Chapter 11, what are we going to do?' In spite of the uncertainty and worry at the beginning, in the long run the reorganization proved to be a lifesaver for the majority of the dealer organization."

Looking back on the experience, Baumert says, "White dealers were fortunate to be seated on the creditors' committee, not only because they were able to resolve their reorganization problems, but also because it gave them a voice on who the new purchaser would be. They were even more fortunate to have a company like Volvo take over with its dealer partnership orientation. They made the fight for survival during reorganization worthwhile." □





A CLOSE-UP  
LOOK AT  
CHICAGO  
DEALER

# Jim Jennings

NADA's Exuberant  
President-Elect

BY GARY JAMES

**U**ntil this year, if you called Jennings Chevrolet's service department any weekday morning at 7:30, chances are you'd be greeted with a cheery "hello" by the owner. Jim Jennings likes to talk to customers. He always has. The only problem is, nowadays he doesn't have much time for small talk. His duties as NADA first vice president, due to take office as president in February, keep him too busy.

Jennings is on the road most days, sharing ideas with other dealers, factory executives and top government officials. There are always more meetings to attend, more speeches to make. Jen-

nings spends almost as much time in airports as he does in his dealership, but he wouldn't have it any other way. "I truly believe that if a business is good to you, you owe it something in return," he says. "That's why I'm involved with NADA."

Business *has* been good. Jennings Chevrolet, in the northwest Chicago suburb of Glenview, regularly ranks in the top 15 in sales for Chevrolet's 102-dealer Chicago zone. After 26 years in the same location, Jennings Chevrolet and its 59-year-old boss have become an institution in this mainly residential community. Evidence of the dealer-

ship's stature is found in a shiny new Service Supremacy plaque hanging on the wall of the customer lounge. Jennings was one of only six Great Lakes Chevy dealers to receive the GM award this year. It measures productivity, training, quality control and 19 other areas of performance. "GM sent 10 people to inspect our operation," Jennings says. "I can't tell you what it means to our employees to win something like this—it's just great!"

*Above: NADA President-Elect Jim Jennings and his son, Jim Jr.*

*Gary James is the senior editor of Automotive Executive magazine.*



Like other strong dealerships, Jennings Chevrolet's success during the last four years depended on the contributions of all departments. "We cut costs and built up the overlooked areas of the business," Jennings says. "In order to survive, each department had to pull its weight." As a result, even though sales were off, the dealership remained profitable.

Because of Jennings' many commitments, much of the day-to-day management of the dealership falls into the hands of his son Jim Jr., vice president and general manager. Says Jennings Sr., "I couldn't take on a job like this (president of NADA) without good employees and someone like Jim to keep them motivated."

Still, Jennings keeps a constant eye on his business. As office manager Shirley Turpin says, "Everybody knows when Mr. Jennings is back in town. He's

everywhere at once, finding out what's been going on. This business is his life."

The two Jims are as different as a Corvette and a Caprice: Jim Sr., a fiery first-generation American of Irish stock, always kidding, questioning or convincing somebody about something. While his hair has faded from red to white, his energy and enthusiasm burn as brightly as ever.

Jim Jr., on the other hand, operates as quietly as a well-tuned engine. His demeanor exudes intensity like his father, but the words don't burst out in the same torrents. "Jim Jr. talks in shorthand," Turpin says. "He knows exactly what he wants done, and doesn't waste much talk. But he's one of the best closers in the business."

Jim Jr. isn't the only Jennings child with an interest in cars. Son John, 22, also works in the dealership, as quality control manager for service. A recent graduate of Southern Methodist University, John has worked in the dealership since he was a teenager.

"My sons will be better businessmen and dealers than I am," Jennings says. "They'll have to be to stay in business. When I was starting out, there was room to learn from your mistakes. Now, if you fly by the seat of your pants, you'll lose your shirt."

### A Flair for Sales

By his own description, Jennings stumbled into the auto industry almost by accident. The time was just after World War II, and he was between jobs after a year with Diebold Safe & Lock. "I walked into a dealership on the south side to check on a car I had ordered," he says. "At that time, there was a severe shortage of cars, and you often had to wait two years or more."

"So I was checking to see where my name was on the waiting list, and the owner and I got to talking. She ended up asking me if I would come work for them. That was the last thing on my mind, because my degree was in finance, and I didn't see much future in cars. But they called me later at home several times, and talked me into taking a job as a salesman."

In 1949, one year after he joined Nieburger Chevrolet Inc., Jennings was named sales manager of Hartigan Chevrolet, a new dealership. The next year, he was promoted to general manager. "It was an exciting time," Jennings recalls. "At first we had nothing to sell but trucks and accessories, but as soon as GM caught up, sales boomed."

For two years, Hartigan Chevrolet was the largest dealer of any make in America. Jennings stayed until 1957, when he



Three key members of Jennings Chevrolet's service team: John Jennings, quality control manager; Modassir "Shake" Sheikh, service dispatcher; and Chuck Selemi, service manager.

Facing page: Pictured behind Jennings are his wife Patricia and their seven children.





ventured out on his own. He bought a Chevy point in Glenview, and went from working at one of the largest dealerships in the nation to one of the smallest. Then, Glenview was a mostly rural village, more stopping point than suburb, and Jennings was sure he'd ended up on the other side of the world.

"I was born and raised on the south side of Chicago, and I may as well have moved to Toledo. I got lost the first time I drove up to look at the store. I didn't know anybody and nobody knew me, but it was my chance to go into business."

For the first six months, he lived in a hotel room down the street from his dealership, commuting to his south-side home on weekends to spend time with his wife and young family. Business proved healthy, and the Jenningses soon settled in Glenview for good.

They've lived there for 26 years now, and have seen Glenview grow into a thriving community. Part of Chicago's affluent North Shore, Glenview harbors many of the city's hard-driving professionals, and some well-known corporations, including Kraft's world headquarters. Like many dealers, Jennings played a role in that growth.

"Getting involved in the community is one of the best ways for a new dealer to start out. You get your name known, and help people at the same time."

Though not as active as he once was,

Jennings still contributes. He serves as a director of the Glenview State Bank and the Lake States Insurance Co., and is a former president of the local Chamber of Commerce. Memberships include the Rotary Club, the Lions Club and the Knights of Columbus. Jennings also served as president of the Glenview Park District, judged to be the best park system in the country.

But Jennings' real passion is golf, and when he's not out on the links, he's drumming up scholarship support for caddies. As a director of the Western Golf Association and its subsidiary, the Evans Scholars Foundation, Jennings has helped hundreds of young people obtain college educations.

Evans scholarships were initiated in 1930 by famed amateur golfer Chick Evans to enable outstanding caddies to attend college. The 1-year grants, awarded on the basis of the caddie's work performance, financial need and high school academic record, are worth as much as \$7,000 apiece, and are renewable for four years. Since the program's inception, more than 4,000 former caddies have graduated.

"There's nothing more fulfilling," Jennings says. "These kids have great potential."

Helping people grow is just as important to Jennings in his own backyard. His managers run their own departments with minimal supervision, as

long as they produce. "If employees do the same task day in and day out, they stagnate," he says. "People need challenges."

### Keeping Business Black

One of the greatest challenges, of course, came during the recent recession. The challenge was survival. In the heyday of the mid-'70s, Jennings Chevrolet sold 1,800 to 2,000 new Chevrolets a year off its 5.5-acre lot. In 1979, that figure plummeted close to 1,000.

To broaden its base, Jennings Chevrolet increased its emphasis on light trucks and conversion vans. This enabled the dealership to add profit potential without investing in new buildings or equipment. "It's proven to be a very lucrative decision," Jennings says.

The used-car department has also become a profit center in its own right. In the old days, Jennings used to wholesale most trade-ins through auctions. Today, however, the dealership retails its used cars, and business it used to miss is being captured.

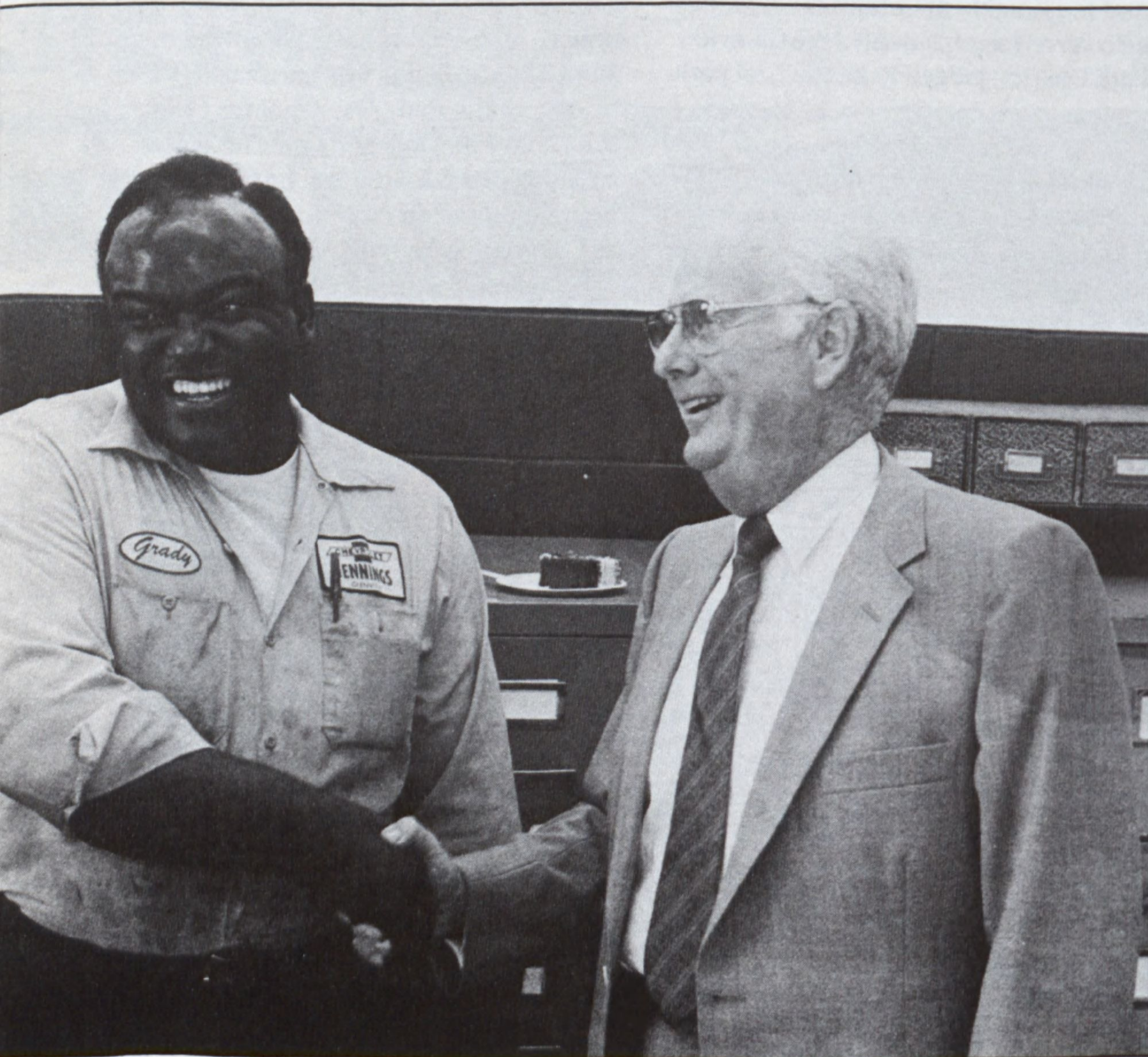
"Glenview is fairly affluent," Jennings says, "but people still felt the pinch. Unemployment wasn't a problem, but customer confidence was. Everybody got cautious. We usually sell lots of second cars to spouses, sons and daughters, but people were reluctant to buy when interest rates were so high. Used cars gave us another opening."



*Jim Jennings cuts birthday cake number 59 as his son, Jim, and service dispatcher "Shake" look on.*



*Service technician Grady Buckner extends birthday congratulations.*



Of Jennings' nine salespeople, two devote their energies fulltime to used cars and trucks. Prospecting and follow-up are commonplace, and potential buyers must be greeted within minutes of their entry or both Jennings and his son begin to frown. "I've sold cars for a living, so I know what can be done if you work hard enough," Jim Sr. says. "There's no excuse for not trying."

Other departments have taken similar steps to strengthen the bottom line. Service dispatcher Modassir "Shake" Sheikh, for example, tightened up time management with a new scheduling system. At a glance, Sheikh now knows which technicians are working on what jobs, and when they will be free for the next assignment. This makes better use of available manhours and also eliminates customer waiting. Jennings' technicians now produce 11 workhours out of each 8-hour day. Service absorption has risen to 70 percent.

In the parts department, manager John Lipecki computerized parts inventory to cut dead stock to a minimum. Only \$1,000 of Jennings' \$250,000 parts inventory didn't turn over at all last year. The rest turned over four times, for more than \$1.5 million in sales.

"The computer makes a big difference," says Lipecki. "We used to record all the parts and how fast they moved on index cards. It was tedious. With the computer, however, we know each morning what's moving. We continually adjust inventory to meet the market."

Jennings has also increased revenues by going after wholesale parts business. In a typical month, the dealership sells \$10,000 in parts to other Chevy stores and \$40,000 to \$50,000 to body shops and other wholesale customers. It's a thriving business within a business that generates about 40 percent of all parts sales.

Business as a whole is coming back now, and Jennings expects to sell 1,200 new Chevys this year. On a recent Saturday, the dealership sold 12 cars—a good sign. "Customers are coming back to the showroom, and that's good news. But they're different shoppers. They visit more dealerships, ask more questions and demand more service. For each sale we make, three other customers come in but buy elsewhere.

"Customer satisfaction is the number-one challenge of dealers and manufacturers today," Jennings adds. "It's up to all of us to work together to meet that challenge." □





## Working Together Toward Common Goals

**O**ur resources are not well enough known to many dealers," says NADA President-elect Jim Jennings. "They don't know what NADA offers in management education, business analysis, lobbying and public service. We've got to get the word out."

A franchised new-car dealer and NADA member since 1957, Jennings was elected an NADA director in 1978. As first vice president, he is chairman of the NADA industry relations committee. He serves on the board of governors of the Automobile Foundation and is a member of the executive and nominating committees. He also serves as a trustee of the NADA Insurance and Retirement Trusts. When Bill Turnbull of R.F. Steiner & Co., Huntington, WV, steps down as NADA president at the annual convention in February, Jennings assumes the association's highest office.

"I plan to carry on Bill's work, with the used-car window sticker program, anti-drunk driving campaign and industry relations efforts," Jennings says. "NADA will continue to work hard for dealers' rights on

Capitol Hill and in Detroit. I want to get everybody involved—from NADA directors to the smallest dealers."

Increasing membership is high on the list of Jennings' priorities. Having served on the membership committee, he knows the importance of NADA's grassroots support. "We proved what we could do with the Chrysler loan guarantee and the FTC's used car rule," he says. "But the fight isn't over. Every dealer should get behind the anti-fleet subsidy and odometer tampering legislation pending in Congress. If we are going to be the voice of the industry, we must work together."

Jennings will be spending much of his time during his term visiting dealer groups throughout the country. He says it's the best way to keep in touch with what's on dealers' minds. "I'm a strong believer in face-to-face contact," he says. "That's what keeps NADA moving in the right direction."

Jennings says he'd like to talk to any dealer who claims he or she can't afford to join NADA. "You can't afford *not* to join. Belonging to NADA

gives you access to information and services that pay back your dealership many times over."

NADA's Dealer Candidate Academy, 20 Groups, Service Systems and Sales Trak programs are among the services Jennings wants dealers to know about. "The NADA staff are problem solvers, whether you're a young person trying to learn about the business or a long-time dealer faced with a nagging problem.

"The exchange of ideas you get from attending a 20 Group or a convention is invaluable," he adds. "If you had told me four years ago that I was going to lose 40 percent of my volume but still make money, I'd have told you that you were crazy. But through programs like 20 Groups, dealers learn new management techniques to run their operations more efficiently. We learn to make every department a profit center.

"I'm excited about the industry's prospects for '84. And about taking office as president. This is a great business. The more I talk to dealers, the more I realize that." □



## Industry Relations: Creating a Constant Dialogue

**O**ur goals in dealing with the manufacturers are communications, communications and more communications," says Jim Jennings. "We want to create a constant dialogue."

During his year as head of NADA's industry relations committee, Jennings, together with President Bill Turnbull and other dealer leaders, worked to improve NADA's relations with automakers. They reorganized the committee structure, initiated surveys of the dealer body and invited industry executives to meet NADA staff at headquarters.

Working with Ford and Lincoln-Mercury dealer councils, the efforts bore fruit recently, when Ford changed its Lifetime Service Guarantee program to give participating

dealers a 30-percent markup on all parts replaced under the guarantee. As a result of dealer input, Ford also agreed to make funds available on a cooperative basis to dealers for local advertising.

"We're not trying to tell GM, Ford, Toyota or anybody else how to run their companies," Jennings says, "but we do want them to know how their decisions affect dealers. Through our line groups, NADA keeps the automakers informed."

To gain a better background on dealer concerns, NADA has begun surveying members. The first survey, conducted last year, asked Pontiac dealers for their views on distribution, product quality and other issues. Results were presented to Pontiac management.

"This information will help Pontiac serve its dealers better, and also improve its product. We've done the same thing this year with Ford, and hope to do additional surveys."

Jennings stresses that NADA represents all dealers equally. "It's hard in an area like industry relations to get that point across because there are so many different sides to every issue. That's one reason we changed the format of the annual IR meeting to allow for a series of individual line

group meetings. It's one more way to learn about specific problems facing dealers."

Along the same lines, NADA has begun inviting top executives of the automakers to visit its headquarters for discussions. In October, GM's James McDonald and Roger Smith came to NADA for a legislative briefing. Invitations are being extended to other manufacturers and importers. In the spring, Jennings, NADA President Bill Turnbull, import line group chairmen and key NADA staff met with senior executives of Nissan, Toyota, Mitsubishi and Honda to discuss industry issues.

"We're creating links," Jennings explains. "It doesn't mean we still won't have disagreements. We will. But at least we'll know where each party is coming from."

Franchise agreements are always a sensitive issue. In the past few years, NADA has worked with several manufacturers and importers to rewrite their franchise agreements. GM's 5-year agreement expires in the fall of '85, and Jennings hopes NADA will have the opportunity to shape the contract closer in line with dealer needs. An NADA committee has been formed to study the issue. "Will GM listen to us?" Jennings asks. "I think they will. We're not going to ask them to do anything that will hurt them. We just want to make sure dealer interests are protected."

A similar challenge exists at the state level, where NADA is working with ATAM representatives and local dealers to write state franchise laws. Forty-six states now have such laws, which regulate the relationship between manufacturers and dealers. Spelled out in detail are terms covering terminations, successorship and dealer location.

"We are only looking for a fair set of ground rules," Jennings says. "These state laws provide that."

"In industry relations, as in other NADA activities, the key to strengthening the dealers' position lies in strong, clear communication. We're working to make business better for everybody." □

"We in General Motors are proud of Jim Jennings and know he is well-equipped to lead NADA in the coming year. He is a good thinker and aggressive. He knows our business as a salesman, a general manager and as a successful Chevrolet dealer for more than 25 years. Proof that he understands *all* sides of the business was his recent certification as a Service Supremacy Dealer. Jim has demonstrated his concern for fellow dealers in the Chicago area and more recently on a national level. We are confident he will make an outstanding NADA president."

**F. James McDonald**  
GM President





Burd



Symes



Ursomarso

## NADA's 1984 Elected Officers

Working alongside Jennings during '84 will be three accomplished dealers with a long track record in solving dealer-related problems: William Symes, first vice president; Robert M. Burd, secretary; and Anthony Ursomarso, treasurer. The new NADA officers will begin their 1-year terms at NADA's annual convention in February.

Bill Symes, NADA's upcoming first vice president, is president of Symes Cadillac Inc., Pasadena, CA. A franchised auto dealer since 1952, Symes is a past president of the Motor Car Dealers Association of Southern California. He was first elected to the NADA Board in 1976, and reelected to a second term in 1979. He has served on the membership, consumer affairs and public relations committees, and as chairman of the finance committee. Industry involvements include service as Cadillac's dealer council vice chairman.

After graduating from Stanford University, Symes served three years in the U.S. Air Force. Prior to joining his father as the Cadillac dealer in Pasadena, he was active in radio and TV sports broadcasting in Southern California.

Symes serves on the board of directors of Citizen's Bank, Pasadena, and is a director of the Methodist Hospital in Arcadia, CA. He is a past president of the Pasadena Rotary Club and the Pasadena Breakfast Forum.

NADA's new secretary, Robert

Burd, is the president of Warren Volkswagen Inc., Washington, NJ. In addition, he is the dealer principal of Burd Chevrolet and Oldsmobile Inc., also in Washington, and vice president of Pocono VW Inc., Stroudsburg, PA.

Elected to the NADA Board in 1978, Burd is a member of the Board of Governors of the Automobility Foundation and serves on the industry relations, business management, nominating and bylaws committees. He has also served as chairman of NADA's VW line group.

A franchised dealer since 1960, Burd started in the automobile business in 1940, working as parts, sales and service manager prior to becoming president of Warren Volkswagen Inc. In 1975, he was honored as a *Time Magazine* Quality Dealer winner. He recently served as secretary of the Automotive Hall of Fame executive committee, and is a past president of the New Jersey Automobile Dealers Association and the Warren County Auto Association.

A member of the board of trustees and executive committee of the Warren Hospital in Washington, Burd is also a member of the board of Smokenders and past president of the Center for the Study of Smoking Behavior in Princeton, NJ.

Elected treasurer is Anthony Ursomarso of Union Park Pontiac, Wilmington, DE. A franchised dealer since 1954, he is past chairman of the Delaware Automobile Dealers Association and the Pontiac Na-

tional Dealer Council. He has twice served on the General Motors President's Advisory Council and in 1971 was a *Time Magazine* Quality Dealer Award winner.

Ursomarso is a former chairman of NADA's General Motors line group. He currently serves on NADA's finance and business management committees. A former president of the Automobile Dealers of Delaware, Ursomarso is a director for the Delaware State Chamber of Commerce and a member of the Delaware Council on Consumer Affairs.

Two NADA vice presidents, elected to 2-year terms, also will take office at the convention. William Cammarano, president of Muzi Ford City, Needham Heights, MA, replaces incoming secretary Robert Burd as vice president of Region I, representing the New England states. The new vice president of Region II, representing the mid-Atlantic and southern states, is James Caplinger, Caplinger Chevrolet Co. Inc., England, AR. Caplinger replaces H.E. "Buddy" Derrick, president of Lexington Motor Sales, Lexington, VA.

The other two vice presidents, who are serving the second year of their terms, remain the same. Dick Smith of Dick Smith Ford, Raytown, MO, is the vice president of Region III, representing the Midwest. And James Woulfe of Shamrock Ford, Dublin, CA, is the Region IV vice president, representing the far western states. □





# How to keep your customers from d

## The expanded E.S.P. program for 1984 can keep your customers from leaving permanently.

Once a customer's warranty is up, his service business is literally up for grabs. But by selling him one of nine maximum coverage Extended Service Plan contracts, you can keep his business longer. And you can keep him satisfied.

In fact, a recent market survey showed that the majority of E.S.P. customers came back to E.S.P. dealers after their warranty expired. Even if they didn't use their E.S.P. contracts. On the other hand, non-E.S.P. customers were much less likely to return.

When you consider that, on top of the bigger profit margin you make on every sale, E.S.P. makes good sense. Even more so this year.

## Dealer prices on all E.S.P. contracts for 1984 have been held or reduced.

This is the second straight year there's been no increase in the dealer cost for new-vehicle E.S.P. contracts. And 75% of carryover used-vehicle E.S.P. contracts have actually been *reduced* in price. What's more, E.S.P. coverage has been broadened to include a total of 21 different import carlines.

Which means that now you've got a powerful sales closing tool and even more opportunities to boost your profits.

## More coverage, more profits on used-vehicle E.S.P.

Now you can offer 12/12 power train protection on '77 through '84 used vehicles. Plus 12/12 and 24/24 Maximum Protection E.S.P. coverage on '80 through '84 used cars. And selling E.S.P. on used vehicles can be more profitable now because of the E.S.P. Quarterly





# is appearing after the warranty ends.

Bonus plan. That's a bonus of up to \$40 on used E.S.P. contracts — on top of your \$100 straight commission.

**Dealer commissions on 5-year E.S.P. sales have been increased 30%.**


Over half of all E.S.P. contracts sold are 5 year plans. Now the Dealer commission on those new vehicle contracts has been raised from \$100 to \$130. When you add the extra \$40 Bonus possible on each sale, E.S.P. Dealers can now earn as much as \$170 on every 5 year plan sold.

## The logical choice.

Ford and Lincoln-Mercury Dealers have sold in excess of 2,000,000 E.S.P. contracts since the program was introduced in 1976. Some dealers have reached penetration levels beyond 70% with E.S.P. The reasons are clear. Every E.S.P. sale means solid profits and gives your customers more protection for the money than ever before. It's easy to sell, simple to administer and makes for loyal, satisfied customers.

Why lose customers when you don't have to? With E.S.P. the chances are pretty good they'll be back.



Ford Extended Service Plan 



# Go Dallas!

**T**here are few things more important to Texans than hospitality. Part-and-parcel of their engaging friendliness is a running dialogue linking myth and fact about the "Wild West," so celebrated in story and song. Today, the myths are carried around the world on television "soap operas," often more exaggerated than yesterday's motion picture/singing cowboy "horse operas."

Yet, Dallas itself helps sustain the myth, although to many it remains an anomaly. Unlike many other cities, there is no logical or natural reason for its existence. The Trinity River, which cuts through the city's southern tier, has never been navigable. There are no oil wells, mainly because there is no oil here. (Dallas was, however, founded in part by oil entrepreneurs.) But it's business as a whole that lubricates the city's economy, which works so well. Present is that open attitude that says, "Let's do it." The hospitality of the business community to new ideas has helped Dallas become one of the most prosperous metropolitan markets in the country.

In keeping with this pride of hospitality, the New Car Dealers Association of Metropolitan Dallas is making sure all the "ducks are in a row" when it hosts the National Automobile Dealers Association convention, February



## Local Dealers Roll Out Red Carpet

4 to 7. It's the natives' "Let's do it" attitude in gear once again.

The red carpet is out. Robert T. Hayes of Bob Hayes Chevrolet is spearheading the activities through a special task force of Dallas dealers, their spouses and local community leaders.

Kim Ross, executive vice president of the New Car Dealers Association, says, "We've communicated with all the people who will come in contact with the leaders of our industry—police, cab drivers, restaurateurs and, of course, our Dallas dealers—to make sure the right tone and a friendly

attitude greet each of our visitors."

A hearty welcome to dealers will first be extended at the Dallas/Fort Worth Airport, where Rodger Meier of Rodger Meier Cadillac is chairman of the board. Signs, billboards and newspaper supplements will let NADA visitors know their arrival has long been anticipated.

This anticipation, however, is not limited to the local automobile industry. George Smith, director of services for the Dallas Convention and Visitors Bureau, says, "Dallas is one of the top five cities in the country at playing host to conventions of every size, including the Republican Convention next August. But we have long looked forward to

having the NADA convention come down here. It's a prestigious meeting which will command a great deal of interest, and in many ways it will play an even bigger role for this area than the Republican Convention."

Smith reflects the prevailing attitude among city leaders, both in and out of the auto industry, that visitors want to see, feel and participate in the city billed as "the city that works."

That's why so much effort has gone into a variety of special events in anticipation of the 15,000 guests who will attend this national convention.

The local dealers association has briefed the area's police department and media. "Our association operates several programs with the police department as part of our community in-



volvement," says Ross. "And we can say without equivocation that we are protected and served by professionals. Safety is often a major concern of citizens today, and that's why we believe it will be comforting to NADA visitors to know that 'Dallas' finest' are aware of their presence and will be looking out for them."

Media coordination is underway. A special section will be produced by the *Dallas Morning News* to welcome members of NADA. This section will reinforce the "Texas-sized" welcome for visitors and at the same time provide additional, timely information about Dallas to all convention attendees.

"We want the auto industry to know how we all feel in Dallas. That's why we wanted to put a special section together," says Rick Starks, classified manager at the *Dallas Morning News*. "Sure it's for your business, but more importantly, we can collectively say how much NADA means to us all. That's the way we do business in Dallas—with our friends," says Starks.

In that same vein, Bob Hayes' committee has lined up several special fashion shows and premier showings for visiting NADA members at a number of fine stores in the Dallas area, including Neiman-Marcus, Sakowitz and Bloomingdale's.

Glen Goode of Les Taylor Pontiac, new president of the Dallas association; Lee Maas, immediate past president; and Bob Hayes of Classic BMW-Ferrari, have all briefed the area's chambers of commerce.

Proclamations from the mayor of Dallas, A. Starke Taylor Jr., and the governor of Texas, Mark White, are being readied for the February event, says Ross.

Ross also has contacted organizations like the Central Business District

and the restaurant association. "Signs will be up all over the area recognizing our guests and making every effort to ensure their welcome," he says.

Hayes notes that as he and his committee have worked the area, they have found an infectious enthusiasm about NADA.

"This has to do in part with this area's love affair with the automobile, but also with the special pride that folks have about the city," Hayes says. "Frankly, the best thing that Dallas, a flat, land-locked city, has going for it, is its friendliness. People here are naturally open. It's part of our culture, our way of doing business."

Taxi company executives have been contacted, as have local bus and airport transit services, to let them know about the NADA convention. Ross adds, however, that the Dallas area, unlike areas in the East, relies more on private than public transportation.

"The Dallas area has just passed the largest referendum on public trans-

portation anywhere in the country," Hayes says. "It's probably going to take that kind of gigantic effort because people here love their cars. It's this independence that has led to our present modest public transportation system. It's important for Dallas' guests to keep this in mind as they use public transportation. We'll make sure that NADA visitors are not inconvenienced.

"The host committee, in particular, the dealers' spouses, are working in this area," Hayes says. He adds that the dealers' spouses have, in fact, already put in a great many volunteer hours to ensure that all festivities and systems are in place.

The host committee has also worked closely with sports organizations and members of the arts community to ensure that a full range of entertainment offerings will be available to convention attendees.

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*Southfork Ranch, home of TV's "Dallas."*







## New Car Dealers Association of Metropolitan Dallas

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Dear Fellow NADA Dealers:

When you come to Dallas this February, you'll be welcomed Texas-style to a prosperous, growing city that fondly calls the building crane the "National Bird of Texas."

We're very proud of our city and the friendly, industrious people who live here, because people, not circumstances, have made Dallas, in the short span of 140 years, the country's seventh largest city and a major center for the retail, wholesale, finance, insurance, high-tech and energy industries.

On behalf of the New Car Dealers Association of Metropolitan Dallas and the Texas Automobile Dealers Association, may we extend to you a friendly Texas welcome! We will work hard to take good care of you during your visit. If any of us can be of assistance at the convention, just look for someone wearing a "Host" name badge.

Lee S. Mass  
President, Classic BMW-Ferrari, Dallas  
Chairman of the Board,  
New Car Dealers Association of Metropolitan Dallas

Robert T. Hayes  
President, Bob Hayes Chevrolet, Dallas  
Chairman of the Board,  
Texas Automobile Dealers Association

# NADA Convention Hotline: 1-800-241-0336

"We've wanted this convention here for years," says Hayes. "Many leaders of the industry are aware of this. We are dedicated to putting on the 'right' face. We want Dallas and the area to be seen for what it is: a clean city where the American dream prevails."

Why so much effort from the Dallas dealers?

Ross explains. "To understand this, it is important to look back several generations, as Dallas automobile dealers have left a legacy of civic involvement. Community relations and civic responsibility are facts here, backed by time and financial commitment."

To salute the economic growth that's taking place in Dallas and in all of Texas, the committee has appointed the building crane as "the state bird of Texas." The crane symbol will appear on each name tag; host association members will wear a larger version so guests will feel free to approach host members and their spouses with questions or requests.

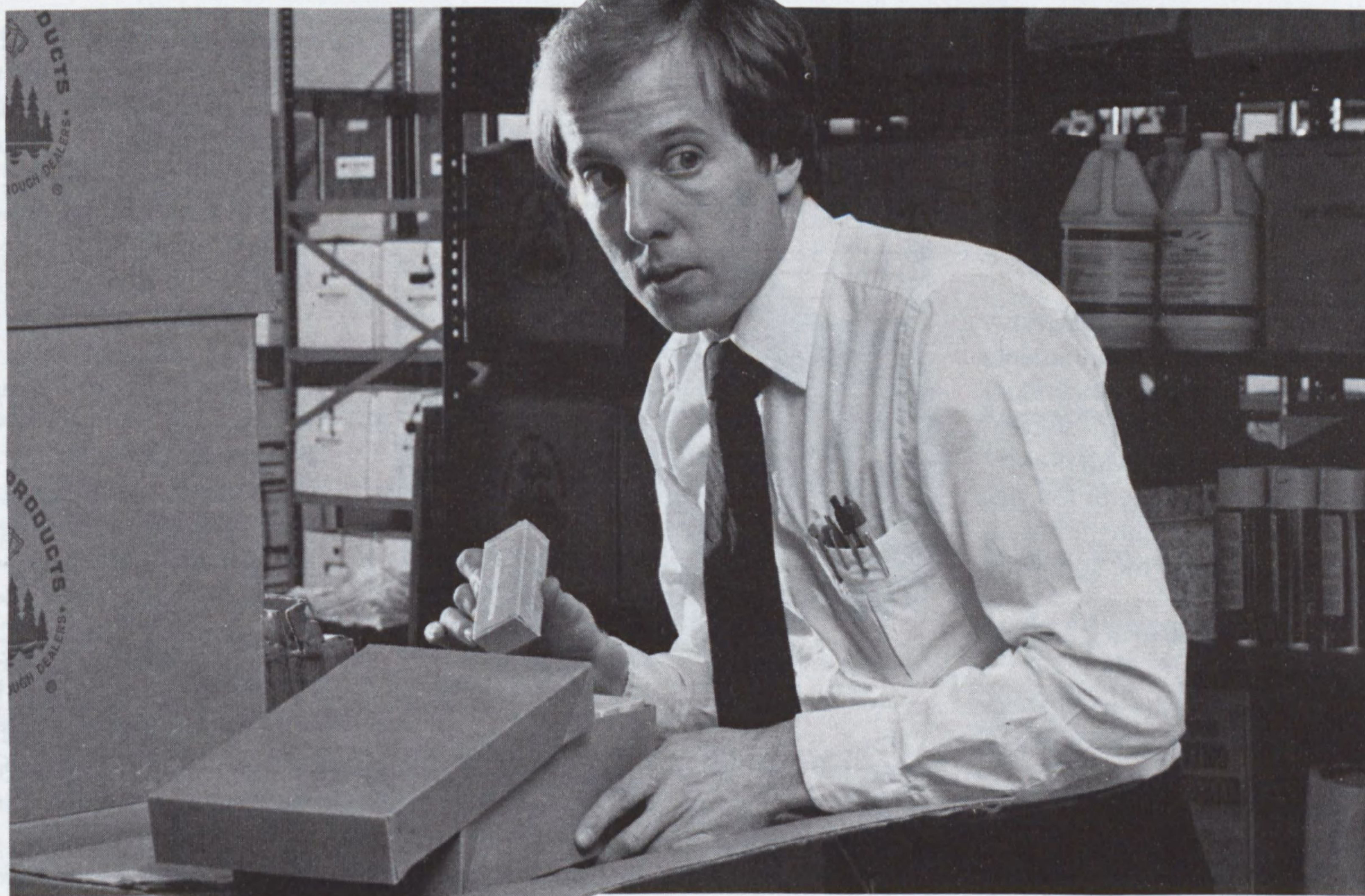
Dallas and Texas are in a constant state of exuberant "reinforcement," and it's this effort to emphasize the positive that the host committee hopes will be quickly discerned by the visitor.

That's why such a massive promotional campaign was undertaken, and why virtually every local company newsletter and association newspaper has been alerted.

If all goes well, it will be more than a Texas-sized meeting: it will become the standard by which all other conventions are measured. Now maybe that's a little grandiose. But then Dallas and certainly Texas are always looking to live up to their billing: a city and a state that are positive in mind and spirit with an attitude that hard work can "make it happen." □



# Are your employees taking home more than a paycheck?



Some could be. It's a fact...dishonest employees steal three times more than shoplifters. At the astonishing rate of over five million dollars a day.

What can you do? A number of things. Don't tempt money-handlers by isolating them. Hold frequent spot checks and inventory audits. But don't follow a set routine.

These and many more tips are among the things we've learned in the 80-plus years of serving small businesses. They're part of our professional approach to insurance management. An approach that includes prevention of losses, not just protection from them.

We offer this same kind of expertise in practically all areas of insurance: property / casualty, liability, group health and accident, workers comp., even life and retirement plans (in some states). Total coverage for your personal as well as your business needs. And all at an affordable price.

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After all, it doesn't make sense to pay someone to steal from you.



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*"Taking the worry out of your business... and your life."*

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(For more information circle #2)



## Health-Care Benefits for the Unemployed: H.R. 3021 Passes House

**H**.R. 3021, the "Health Care for the Unemployed Act of 1983" sponsored by Rep. Henry Waxman (D-CA), passed the House on August 3 by a vote of 252 to 174. The bill is designed to provide grants to the states for health-care benefits for the unemployed.

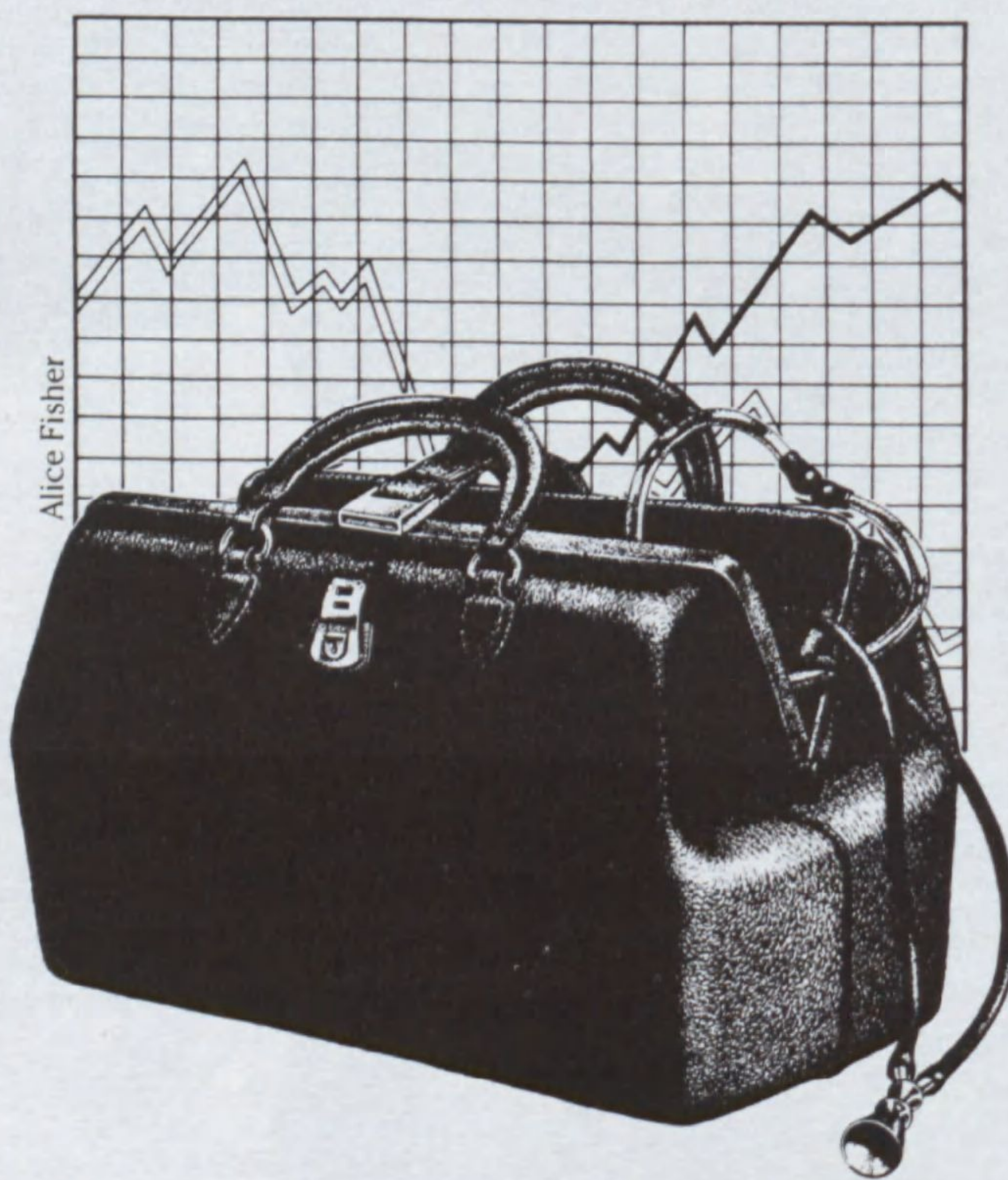
Of particular interest to dealers, however, is a section that sets requirements for employers regarding individual coverage. The reasoning behind the legislation is that the private sector is as responsible as the public sector for providing assistance to the unemployed. The provision contains the following sections:

1. an open enrollment for laid-off spouses of employees;
2. a continuation of group health benefits for at least 90 days for laid-off employees; and
3. a conversion option to allow an individual to retain insurance coverage upon layoff.

Employers subject to open enrollment, continuation of benefits and conversion options are those who employ an average of 25 or more employees during any calendar year. No employer is required to offer a group health plan; however, if an employer does, the plan must meet the bill's requirements for open enrollment and continuation of benefits. If the plan is an insured group health plan, it also must meet the bill's conversion requirement.

The open enrollment section of the bill requires the employer to provide an open enrollment period of at least 30 days for each married employee whose spouse lost coverage under a group health plan due to involuntary layoff. This section is applicable to those whose spouses lose coverage on or after January 1, 1984.

The continuation requirement states that health benefits must be offered "no less in amount, duration, or scope, than the lesser of (1) the benefits provided



under the employer's group health plan or (2) nine days of inpatient hospital services and 10 physician visits per year, per person." The employer or the sponsor of the group health plan elects which level of benefits to offer. The employer must contribute to this plan the same proportion to the total cost as is provided for employees in the same classification. This coverage must be offered for a minimum of 90 days. This section applies to those laid-off on or after January 1, 1985.

The conversion option applies only to insured group health plans. The coverage would be made available 31 days prior to the date of layoff or 31 days following the date of layoff. The employer is not required to make any contribution to the conversion to individual coverage. This section applies to those laid-off on or after January 1, 1985.

On the Senate side, S. 951, sponsored by Sen. Robert Dole (R-KS), is pending on the Senate calendar for a floor vote. The bill is markedly different from H.R. 3021 in sections dealing with private health-care coverage. The bill, as amended in committee, requires the

Secretary of Health and Human Services to study the costs which would be incurred by employers in providing health-care coverage for the unemployed. The results of this report are to be submitted to Congress no later than January 1, 1985.

NADA will continue to monitor these bills and keep members informed of any changes. ■

### Bankruptcy Reform May Face Floor Action

H.R. 1800, which has been held in the House Judiciary Committee without any action to date, may face floor action before Congress adjourns. At this writing, H.R. 3, the bankruptcy judges bill, is scheduled to go before

the Rules Committee. If H.R. 3 is granted an open rule by the committee, it is likely that H.R. 1800 will be offered as an amendment to that bill on the House floor.

To date, H.R. 1800, sponsored by Rep. Mike Synar (D-OK), has 200 cosponsors. NADA supports this bill and has worked actively with a coalition of concerned industries to seek its passage. Similar legislation has passed the Senate. As in the Senate bill, H.R. 1800 seeks to make it increasingly difficult for the consumer to file bankruptcy in an effort to escape debts and provides for greater protection of collateral. □

*This column is prepared for Automotive Executive by the Legislative Division of the National Automobile Dealers Association. All comments or questions pertaining to this column should be mailed to: On the Hill, Automotive Executive, 8400 Westpark Drive, McLean, VA 22102-3593.*



# AUTOMOTIVE EXECUTIVE

OFFICIAL  
PUBLICATION  
OF THE NATIONAL  
AUTOMOBILE  
DEALERS  
ASSOCIATION

## 1983 Advertiser Index

This index is a complete listing of all *Automotive Executive* display advertisers for 1983.

Advertisers are listed by company name, address, phone number and months in which their advertisements appeared.

The staff of *Automotive Executive* thanks all of these companies for making 1983 our best year.

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### Adesco

P.O. Box 35362  
Tulsa, OK 74153  
(918) 494-3600  
January, February

### American Bell

Headquarters Plaza  
1 Speedwell Ave.  
Morristown, NJ 07960  
(201) 898-2609  
February

### American Hardware Mutual Insurance Co.

P.O. Box 435  
Minneapolis, MN 55440  
(612) 921-1400  
January, February, May, September  
December

### American Honda Motor Co. Inc.

100 W. Alondra Blvd.  
Gardena, CA 90247  
(213) 321-8680  
February

### American Pullman Coachbuilders Inc.

1700 Eastern Parkway  
Brooklyn, NY 11233  
(212) 485-1090  
November, December

### AMERICAN PULLMAN COACHBUILDERS, INC.

### American Warranty Corp.

9841 Airport Blvd., #102  
Los Angeles, CA 90045  
(800) 421-5952  
January, May, July

### Anglo American Auto Auctions

325 Plus Park Blvd., #108  
Nashville, TN 37217  
(615) 367-0822  
December



Central Administration  
Anglo American Auto Auctions Inc.  
325 Plus Park Boulevard, Suite 108  
Nashville, Tennessee 37217  
(615) 367-0822

### Associates Commercial

55 E. Monroe St.  
Chicago, IL 60603  
(800) 621-5226  
February, April, May

### Atlanta Auto Auction

4900 Buffington Road  
Red Oak, GA 30272  
(404) 762-9211  
January through December

### Audiovox Corp.

150 Marcus Blvd.  
Hauppauge, NY 11788  
(516) 231-7750  
February



**Auto Tell Services Inc.**

P.O. Box 158  
 Villanova, PA 19085  
 (800) 523-5103  
 January, February, June

**Autoleather Guild**

776 Waddington Road  
 Birmingham, MI 48009  
 (313) 646-5250  
 February

**Automotive International Inc.**

11308 Tamarco Drive  
 Cincinnati, OH 45242  
 (800) 543-7156  
 January through June, September,  
 November



Since 1971

**BG Products Inc.**

1504 E. Waterman  
 Wichita, KS 67211  
 (316) 265-2686



**BG Products, Inc.**

**BMW of North America Inc.**

Montvale, NJ 07645  
 (201) 573-2000  
 February, October



**GENUINE BMW PARTS**

**BarclaysAmerican/Financial**

201 S. Tryon St.  
 Charlotte, NC 28231  
 (800) 222-2240  
 August through November

**Barclays  
 American  
 Financial**

An affiliate of  **BARCLAYS  
 Bank**

**Bear, Stearns & Co.**

55 Water St.  
 New York, NY 10041  
 (212) 952-5000  
 December

**Bee Line Co.**

P.O. Box 709  
 Bettendorf, IA 52722  
 (800) 553-2010  
 February, March, April, August

**Benwil Industries**

20526 Gramercy Place  
 Torrance, CA 90501  
 (213) 533-5085  
 February, April, July, October,  
 November

**Bivens Winchester**

P.O. Box 254  
 Danville, VA 24543  
 (804) 797-9241  
 February through May

**Black Enterprise Magazine**

295 Madison Ave.  
 New York, NY 10017  
 (212) 889-8220  
 February

**Borg-Warner Acceptance Corp.**

104 Wilnot Road  
 Deerfield, IL 60015  
 (312) 948-0710  
 September

**Brasher's Auto Auction**

P.O. Box 405  
 West Sacramento, CA 95691  
 (916) 371-4300  
 January through December

**Broadway Equipment Co.**

1110 W. Broadway  
 Minneapolis, MN 55411  
 (612) 529-3345  
 October through December



**AUTO BUTLER®**

**Cars & Concepts**

12500 E. Grand River Ave.  
 Brighton, MI 48116  
 (800) 521-9753  
 February, April

**Celebrity Golf Inc.**

2591 Cold Springs Road  
 P.O. Box 1707  
 Placerville, CA 95667  
 (800) 824-5168  
 July through December

**Chief Industries Inc.**

P.O. Box 1368  
 1924 E. 4th St.  
 Grand Island, NE 68802  
 (308) 384-9747 or (800) 445-9262  
 February

**Clarion Corp. of America**

5500 Rosecrans Ave.  
 Lawndale, CA 90267  
 (213) 973-1100  
 February

**Coachmen Industries**

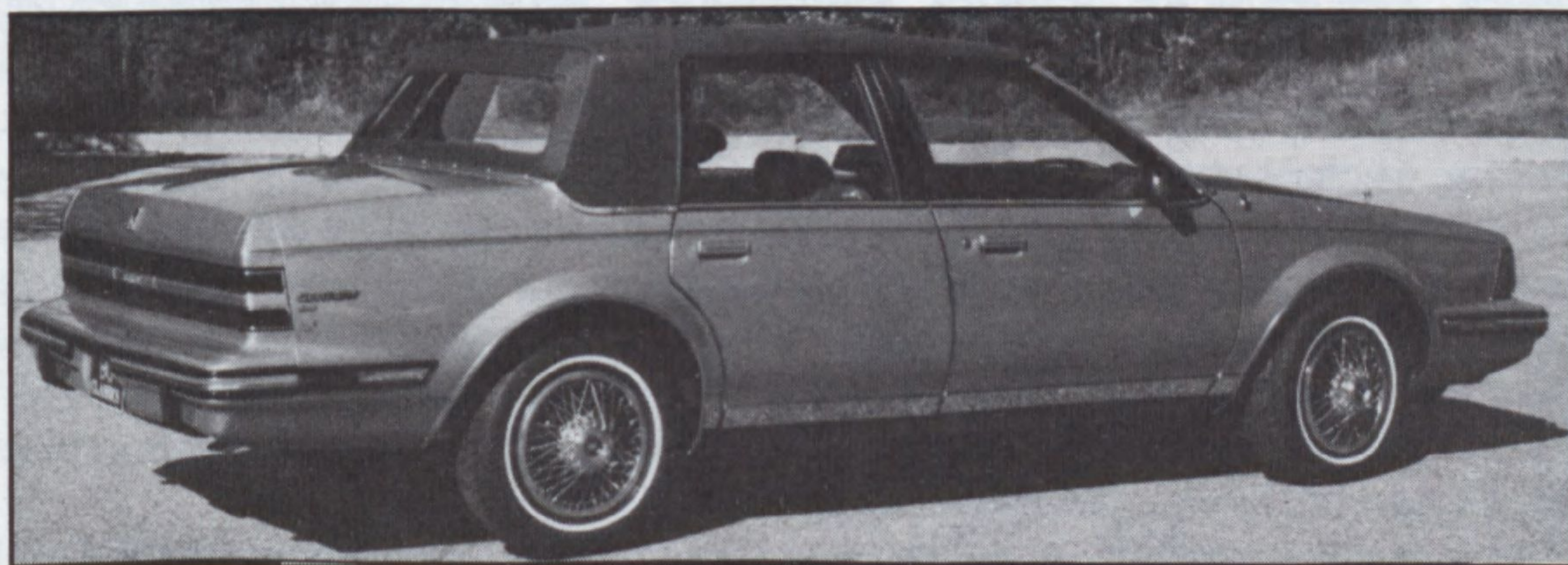
Middlebury Manor  
 222 Middlebury St.  
 Middlebury, IN 46540  
 (219) 825-5821  
 June, July



# **ATTENTION!!!**

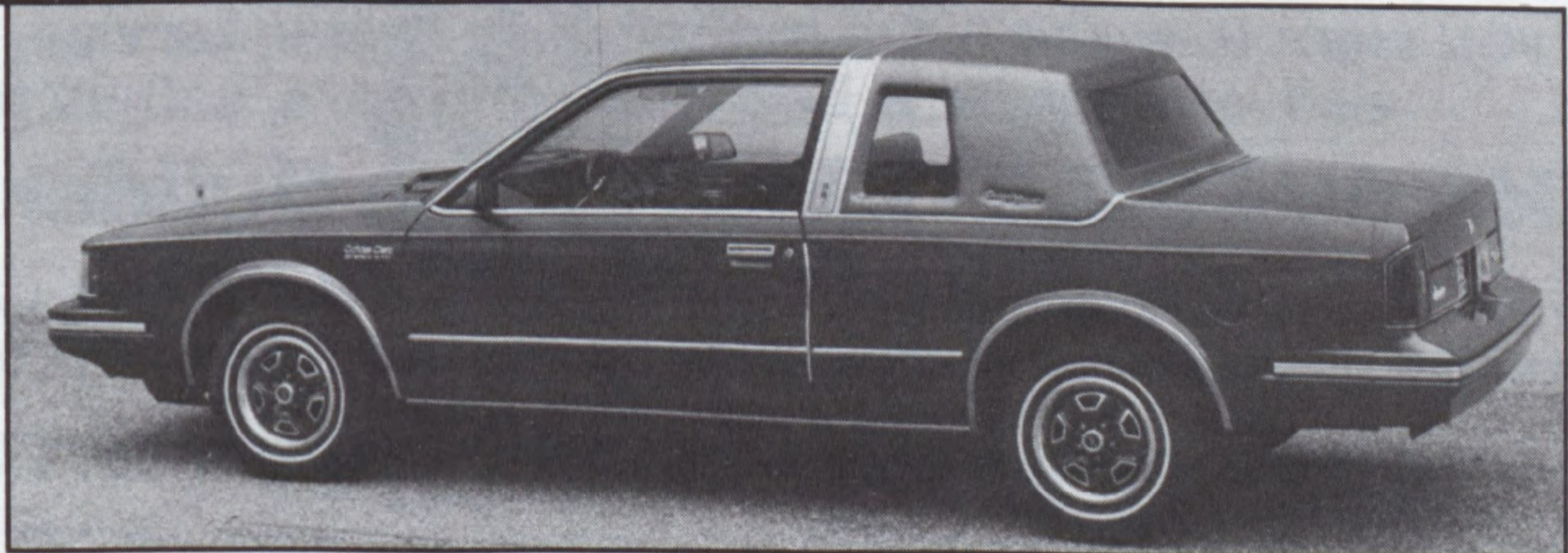
## **BUICK, CHEVROLET OLDSMOBILE AND PONTIAC DEALERS!**

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Displayed on  
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Single Window Roof  
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*Call for the Distributor nearest you 800-638-7815*

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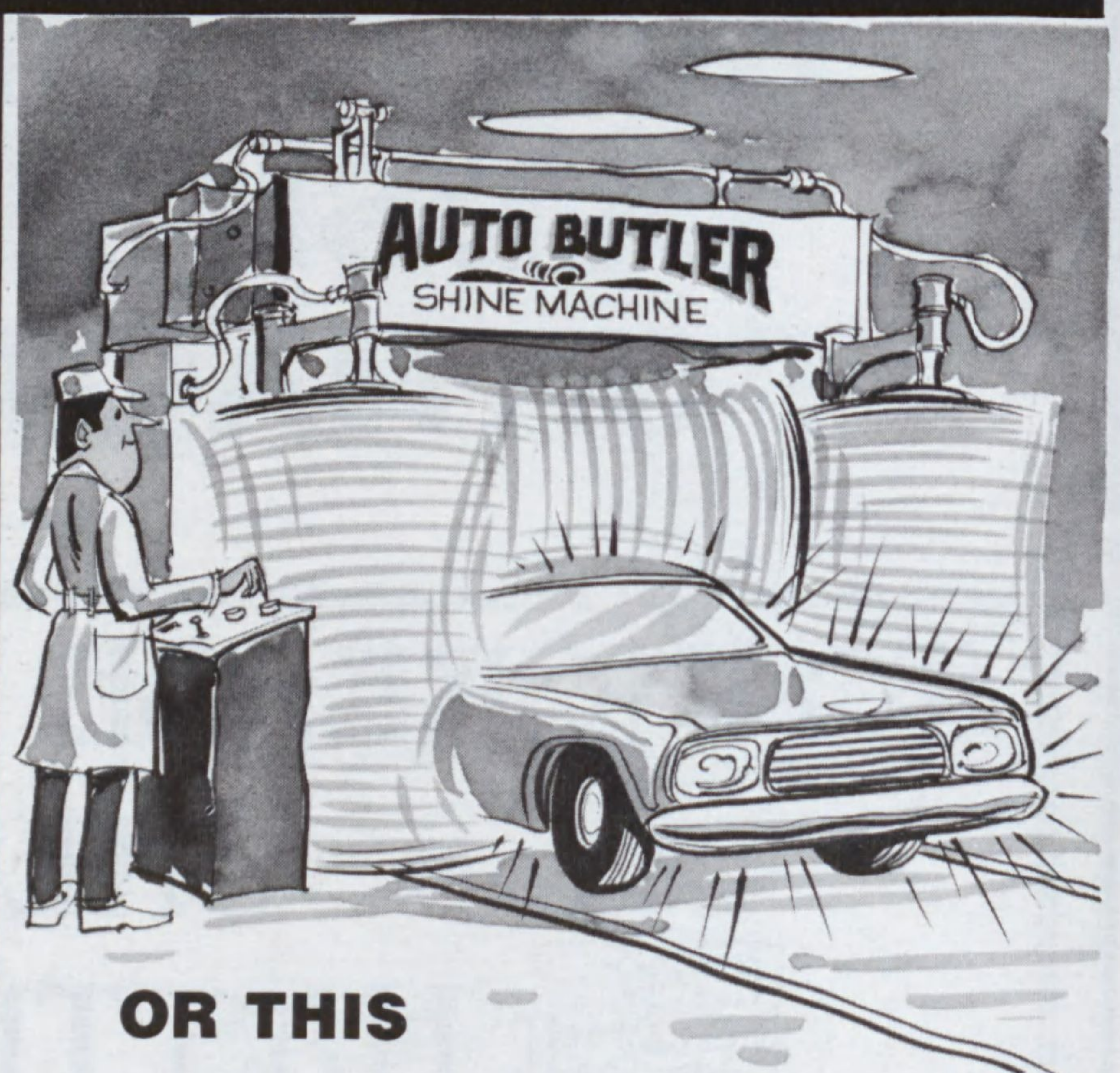
*The industry leader in the restyling aftermarket  
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# Some day every new car dealership will use an Auto Butler shine machine!!! **IS THIS YOUR DAY???**



**THIS**



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## **Which picture looks the most profitable?**

**Important:** The Auto Butler shine machine delivers a perfectly polished vehicle (car, truck or van) with one operator in 10 minutes, allowing our sealant to be applied simultaneously. The function of this automated equipment allows dealers, who wish to build service department volume, a proven service followup system that will consistently keep your customers returning to the dealership. Auto

Butler's lifetime of service program brings customers back for free sealant renewals (using our equipment) and replaces 3rd party warranty problems with service for your customers. Customized mail follow-ups are created for each dealership and mailed by Auto Butler to your customers. Our shine machine, and all products are furnished free by Auto Butler.

**If you want to make more money, give better service, show, sell & deliver sharper & better looking cars, call us today!**

## **THE AUTO BUTLER Service Builder System.**

A customized follow-up program that keeps customers' cars shining, service department volume growing, & new car sales profit climbing!!

*Offered exclusively by Broadway Equipment Company*

★ Free Auto Butler Shine Machine

★ Free Products for Services Outlined

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(For more information circle #8)



**Coin Financial Systems**

5980 Unity Drive  
Norcross, GA 30071  
(800) 241-COIN  
June

**Colormate Inc.**

2415 Midway  
Suite 115  
Carrollton, TX 75006  
(214) 248-7007  
December

**Commonwealth Auto Auction**

P.O. Box 100  
Morton, PA 19070  
(215) 328-7100  
January, February

**Concord Auto Auction**

P.O. Box 257  
Acton, MA 07120  
(617) 263-8300  
January through December

**Custom Booths of California Inc.**

1860 E. Gage Ave.  
Los Angeles, CA 90001  
(213) 585-7155  
April

**DCI Computer Systems Inc.**

P.O. Box 4314  
Fresno, CA 93744  
(209) 264-2946  
February

**d'Elegance Motor Coach Inc.**

1320 S. Merrifield  
Mishawaka, IN 46544  
(219) 256-0265  
June through August

**Display Data Corp.**

Executive Plaza IV  
Hunt Valley, MD 21031  
(800) 638-1100  
February, June, August

**in\*sight**  
**DISPLAY DATA**  
**CORPORATION**

**Durakon Inc.**

3106 E. Grand Blanc Road  
Grand Blanc, MI 48439  
(313) 695-3500  
February

**Dyatron**

P.O. Box 235  
Birmingham, AL 35201  
(800) 633-3625  
February

**E&G Classics Inc.**

8909 McGaw Court  
Columbia, MD 21045  
(800) 638-7815  
January, February, May, October  
through December

**E&G**  
**CLASSICS, INC.**

**Energy Savings Products**

P.O. Box 311  
Billings, MT 59103  
(800) 548-7199  
January, February, April, June,  
August, November

**Executive Industries Inc.**

5460 E. La Palma Ave.  
Anaheim, CA 92806  
(714) 779-8640  
May, July, September

**First American Warranty Corp.**

3100 Broadway #224  
Kansas City, MO 64111  
(800) 821-5546  
February, July, November, December

**First Federated Life**

1400 Munsey Building  
Baltimore, MD 21202  
(301) 752-5200  
January, February, May

**Flint Auto Auction**

3711 Western Road  
Flint, MI 48506  
(313) 736-2700  
February through December

**Ford Motor Co.**

The American Road  
Dearborn, MI 48121  
(313) 322-3000

**Ford ESP (Extended Service Plan)**

Ford Parts & Service Division  
300 Renaissance Center  
Detroit, MI 48243  
(313) 594-1105  
February, July, September, November,  
December

**Ford Lincoln-Mercury Division**

P.O. Box 1254  
Troy, MI 48099  
(800) MER-CFAX  
February

**Gamut Investments**

7000 Squibb Road  
Shawnee Mission, KS 66201  
(800) 255-6738  
February

**General Motors Corp.**

GM Building  
Detroit, MI 48202  
(313) 556-5000

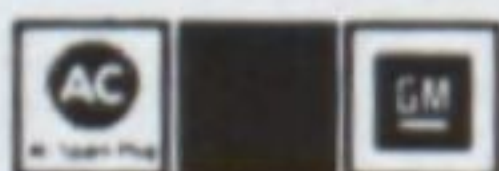


**AC Spark Plug Division**

1300 N. Dort Highway  
 Flint, MI 48556  
 (313) 766-5000  
 January through May, July, August,  
 October, November

**FACTORY-INSTALLED  
 AC CRUISE CONTROL.  
 THE GM QUALITY  
 YOUR CUSTOMERS DESERVE.**

AC Spark Plug Division  
 General Motors Corporation,  
 1300 N. Dort Highway, Flint, Michigan 48556

**General Motors Dealer Service  
Equipment**

Renaissance Center  
 Tower 400, Suite 1500  
 Detroit, MI 48243  
 (800) GM-TOOLS  
 November, December

**General Motors Acceptance Co. Inc.**

3044 W. Grand Blvd.  
 Detroit, MI 48202  
 (313) 556-5000  
 January through December

**GMAC**  
**THE FINANCING PEOPLE  
 FROM GENERAL MOTORS**

**General Motors Continuous  
Protection Plan**

3044 W. Grand Blvd.  
 Detroit, MI 48202  
 (313) 556-5000  
 February, May, July, September,  
 December



**Continuous  
Protection  
Plan**

**General Motors-Motors  
Insurance Corp.**

3044 W. Grand Blvd.  
 Detroit, MI 48202  
 (313) 556-5000  
 February

**Saginaw Steering Gear Division**

3900 Holland Road  
 Saginaw, MI 48605  
 (517) 776-5000  
 February, April, June, August through  
 December

**Tilt-Wheel Steering**  
SAGINAW STEERING GEAR DIVISION, GENERAL MOTORS CORPORATION

**General Warranty Corp.**

4818 Lincoln Blvd.  
 Marina Del Ray, CA 90292  
 (800) 423-6381  
 February, July, November, December

**GENERAL  
WARRANTY  
CORPORATION**

**Global Coach & Armor  
Manufacturing Inc.**

3527 Forsyth Road  
 Orlando, FL 32807  
 (305) 671-0384  
 March

**Grand Rapids Auto Auction**

2380 Port Sheldon Road  
 Jenison, MI 49428  
 (616) 699-1050  
 January

**Hess & Eisenhardt**

Blue Ash Road  
 Cincinnati, OH 45242  
 (513) 791-8888  
 January

**Isuzu**

2300 Pellissier Place  
 Whittier, CA 90601  
 (213) 949-0611  
 February

**Iveco**

4 Century Pkwy.  
 Blue Bell, PA 19422  
 (215) 825-3880  
 July

**IVECO**  
**The diesel truck  
 that pays for itself.**

**Krex Inc.**

89 Lincolnwood  
 Highland Park, IL 60035  
 (800) 323-9038  
 January, February, August through  
 November

**Krex**

**Lighting Systems Inc.**

4201 Malsbary  
 P.O. Box 42419  
 Cincinnati, OH 45242  
 (513) 793-3200  
 March, May, June, August, October

**ISI**  
**lighting  
 systems inc.**



**Lloyd Andersen and Co.**

5909 Mart Way  
Shawnee Mission, KS 66201  
(800) 255-6273  
February

**Lynn's Automotive  
Accounting Services**

114½ E. Front St.  
Suite 206  
Traverse City, MI 49684  
(616) 947-4350  
September through November

**Manheim Auto Auction**

P.O. Box 105356  
Atlanta, GA 30348  
(404) 843-5225  
January, March, May, September,  
October, December

**Mazda Motors of America**

3040 E. Ana St.  
Compton, CA 90221  
(213) 537-2332  
February

**McGard Inc.**

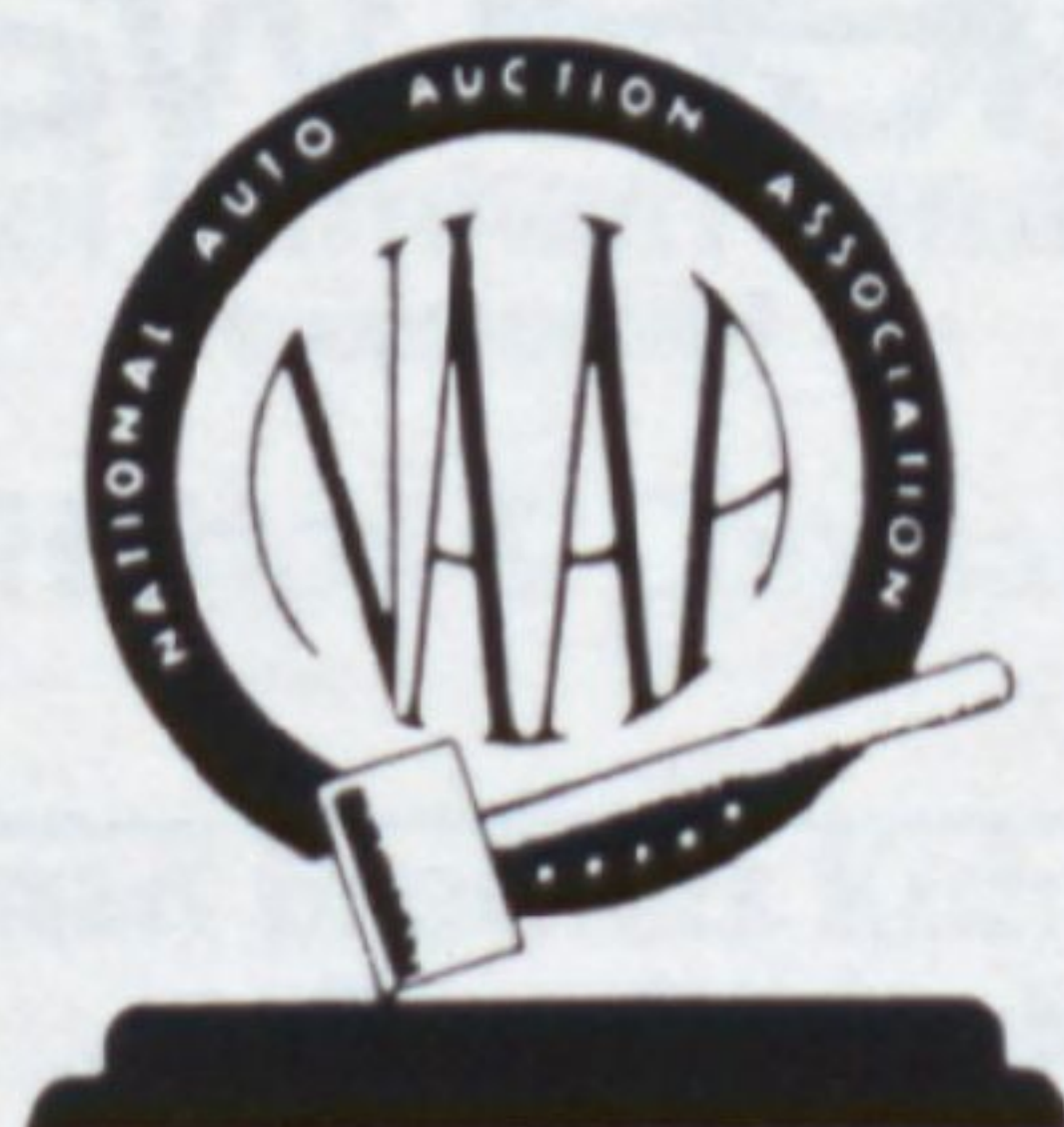
852 Kensington Ave.  
Buffalo, NY 14215  
(716) 833-6126  
January, April

**Money Magazine**

1510 Fisher Building  
West Grand & 2nd Blvd.  
Detroit, MI 48202  
(313) 875-1212  
February

**National Auto Auction  
Association Inc.**

5701 Russell Drive  
Lincoln, NE 68529  
(402) 464-2170  
February, March, June, October

**National Automobile Dealers  
Association**

8400 Westpark Drive  
McLean, VA 22102  
(703) 821-7000

**Convention Division**

(703) 821-7140  
September through December

**Dealer Candidate Academy**

(703) 821-7229  
February, December

**Dealer Services**

(703) 821-7080  
July, August

**Insurance Trust**

(703) 821-7173  
January, February

**Retirement Trust**

(703) 821-7277  
February, April

**National Automotive Insurance  
& Service Agency Inc.**

(703) 821-7276  
February

**20 Groups**

(703) 821-7069  
February, April, May, August

**National Hole-In-One Association**

728 Campbell Centre  
Dallas, TX 75206  
(800) 527-6944  
April through September

**Oakleaf**

19737 Nordhoff Place  
Chatsworth, CA 91311  
(800) 423-3681  
January through December

**PADE**

P.O. Box 41  
York, PA 17405  
(717) 266-6611  
January through December

**Paige-Ruane Inc.**

460 N. Gulph Road  
King of Prussia, PA 19406  
(215) 265-4170  
February, May, October

**Panelbloc Corp.**

10740 Broadway  
Cleveland, OH 44125  
(216) 341-0280  
October

**Perfection Products Co.**

P.O. Box 40  
Waynesboro, GA 30830  
(404) 554-2101  
February

**Pitcher, Doyle, Penn**

Executive Plaza IV  
Hunt Valley, MD 21031  
(800) 638-8654  
January, February, May, September

**Premiere Editions Inc.**

26560 Windsor Ave.  
Elkhart, IN 46514  
(219) 262-4477  
January

**Protector Corp.**

740 N. Larch  
Elmhurst, IL 60126  
(800) 323-6130  
March

**Recreation Vehicle  
Industry Association**

P.O. Box 204  
Chantilly, VA 22021  
(800) 336-0154  
August through November

**Reynolds & Reynolds**

P.O. Box 1005  
Dayton, OH 45401  
(513) 220-9128  
February



**Saab-Scania of America Inc.**

Saab Drive  
P.O. Box 697  
Orange, CT 06477  
(203) 795-5671  
February

**Security Pacific National Bank**

333 S. Hope St.  
Los Angeles, CA 90071  
(213) 613-6211  
November, December

**Southern Auto Auction**

P.O. Box 388  
East Windsor, CT 06088  
(203) 623-2617  
January through December

**Sports Achievements Association**

1045 W. Katella #102  
Orange, CA 92667  
(800) 421-8522  
April through September, November,  
December

**SPORTS  
ACHIEVEMENTS  
ASSOCIATION**

**Subaru of America Inc.**

7040 Central Highway  
Pennsauken, NJ 08109  
(609) 665-3344  
February

**Telegenix Inc.**

26 Olney Ave.  
Cherry Hill, NJ 08003  
(609) 424-5220  
February

**Thermoguard**

3800 Inverrary Blvd.  
Fort Lauderdale, FL 33319  
(800) 327-5120  
January through March, May, July  
through November

**Toyota Motor Sales, U.S.A. Inc.**

19001 S. Western Ave.  
Torrance, CA 90509  
(213) 618-4000 or (213) 775-1506  
February

**Tricom Systems Corp.**

3364 Arden Road  
Hayward, CA 94545  
(800) 621-6977  
February, April, August through  
December

**Toresco Enterprises**

P.O. Box 143  
Springfield, NJ 07081  
(201) 467-2900  
August

**Total Systems Technology Inc.**

65 Terence Drive  
Pittsburgh, PA 15236  
(800) 245-4828  
January, February, November,  
December

**United Dealer Group**

3020 E. Camelback Road, Suite 195  
Phoenix, AZ 85016  
(800) 528-3602  
February, March

**Universal Underwriters Group**

5115 Oak St.  
Kansas City, MO 64112  
(816) 753-5800  
January through December

**Volvo of America Corp.**

Rockleigh, NJ 07647  
(201) 768-7300  
February

**Western Diversified Life Insurance Co.**

2215 Sanders Road  
Northbrook, IL 60062  
(800) 323-5771  
January through December

**Wheelways**

295 E. Lancaster Ave.  
Wynnewood, PA 19096  
(215) 642-8400  
January through December

**Wheelways®**

**Zimmer Motor Cars Corp.**

777 S.W. 12th Ave.  
Pompano Beach, FL 33060  
(305) 943-7600  
February



This announcement is neither an offer to sell nor a solicitation of an offer to buy any of these securities. The offering is made only by the Prospectus.

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**1,437,500 Shares**



**The Standard Products Company**

**Common Stock**

**Price \$20.50 Per Share**

Copies of the Prospectus may be obtained in any State in which this announcement is circulated from only such of the Underwriters, including the undersigned, as may lawfully offer these securities in such State.

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**Robert W. Baird & Co.**  
Incorporated

**A. G. Becker Paribas**  
Incorporated

**The First Boston Corporation**

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Incorporated

**Alex. Brown & Sons**

**Dillon, Read & Co. Inc.**

**Donaldson, Lufkin & Jenrette**  
Securities Corporation

**Drexel Burnham Lambert**  
Incorporated

**Goldman, Sachs & Co.**

**Hambrecht & Quist**  
Incorporated

**E. F. Hutton & Company Inc.**

**Kidder, Peabody & Co.**  
Incorporated

**Lazard Frères & Co.**

**Lehman Brothers Kuhn Loeb**  
Incorporated

**Merrill Lynch Capital Markets**

**Prudential-Bache**  
Securities

**L. F. Rothschild, Unterberg, Towbin**

**Salomon Brothers Inc.**

**Shearson/American Express Inc.**

**Smith Barney, Harris Upham & Co.**  
Incorporated

**Wertheim & Co., Inc.**

**Dean Witter Reynolds Inc.**

October 7, 1983

(For more information circle #6)



## When Your House Is More Than a Home

**M**any international businesses began in the humble surroundings of a home. Doing business from home (dubbed the "cottage industry") is one of the fastest-growing industries in the country. The home-business operator shares most of the same tax problems faced by other types of business. As if that weren't enough, home-business people must wrestle with a fistful of special rules—some good, some bad—that apply only to them.

Home-office expense is at center stage for every home-business operator. Your home may be your castle, but the IRS takes a dim view of trying to deduct your castle (or any portion of it) on your tax return. The Internal Revenue Code provides that a taxpayer is not allowed to deduct expenses of a home office unless a portion of the dwelling unit is used *exclusively* and *on a regular basis* as the principal place of business, or a place of business that is used by patients, clients or customers for meeting with the taxpayer in the normal course of business.

The word "exclusively" can either open or close your home-office tax-deduction door. Suppose you set aside a room that is used 90 percent of the time for business purposes. But the room has a TV set that you and kids watch for pleasure every now and then. You blew it! The room is not used exclusively for business, and no deduction pertaining to its business use is allowed. I know—it doesn't sound fair. But that's the law.

The tax-planning answer is obvious: Devote an entire room (or rooms) to business and don't use it for any personal purposes. But what about the home-business operator who can't spare or doesn't need an entire room for business purposes? Can this onerous exclusive rule be beaten? Yes. The proposed regulations define a portion of the dwelling unit as "a room or other separately identifiable space; it is not necessary that the portion be marked off by a permanent partition." For example,



Joan Rubin

half of a room could be furnished with a desk, chair and other office-type furniture and equipment. If used exclusively for business, this half would pass IRS muster even though the other half of the room is used strictly for personal purposes. ■

### Qualified Plan Loans— A Tax Delight

How does this tax idea strike you: Pay interest to yourself, deduct the interest you pay, and receive the same interest tax-free. Impossible? No. How? In a nutshell, have a qualified plan (either profit sharing or pension) make a loan to its participant(s).

Taxwise, this maneuver scores 10 on a scale of 10. But also consider that employees who might quit to get their plan funds will stay, and executives—including the people at the top—have a delightful additional source of credit. The maneuver passes muster for even a qualified plan with a single participant (Letter Ruling 8008059).

Are there any hitches? Not really. The IRS will approve a qualified plan that has a loan provision if the loans (1) are available to all participants and beneficiaries on a reasonably equivalent basis; (2) are not made available to highly compensated employees, officers or shareholders in a percentage amount greater than to other employees; (3) are made in accordance with specific provisions regarding such loans set forth in the plan; (4) bear a

reasonable rate of interest; and (5) are adequately secured.

The vested portion in the participant's account (for a profit sharing or money purchase plan) and the actuarial equivalent, or current value, of the participant's accrued benefit (for a defined-benefit pension plan) can be used as security for the loan.

The IRS thinks this tax-saving maneuver is such a good idea that it restricts the amount of your benefits. Here's the rule: A loan from a qualified plan is limited to the lesser of (1) \$50,000 or (2) 50 percent of the participant's vested accrued benefit, but not less than \$10,000. In addition, the loan must be due and repaid within five years. ■

### Your Closely Held Corporation Cannot Be Your Bank

There are dozens of taxwise methods of taking money out of your closely held corporation. Using your corporation as a bank is asking for trouble. Here's a classic story of what not to do.

A taxpayer, Lynch, borrowed some money from a bank and secured the loan with life insurance policies he owned. Lynch had his controlled corporation pay the legal fees for securing the loan and the premiums on the insurance policies. He purchased some property from the corporation for less than its fair market value, leased it back to the corporation, and used the rental payments to repay the loan.

The IRS took one look and lynched Lynch. The legal fees, the policy premiums and the difference between the fair market value and the purchase price of the property were hung around his neck as a dividend. The court sided with the IRS all the way (see *Lynch*, TCM 1983-173). □

This column is prepared as an automotive exclusive for **Automotive Executive** by Irving Blackman, a certified public accountant and attorney. All comments or questions pertaining to this column should be mailed to: **Blackman, Kallick & Co., 180 N. LaSalle St., Chicago, IL 60601.**



*In January of this year we were introduced to Tricom's Tri-Freedom I dispatching system. In a period of only six months with Tricom we have increased our service department gross profit by an additional 10 percent. We are looking forward to even greater increases when the installation of our Tri-Freedom II system is completed.*

*The service provided by the entire staff of Tricom has been outstanding and we have found them to be no further away than the nearest telephone.*

*Dana Martin, President, Martin Cadillac  
Los Angeles, California*

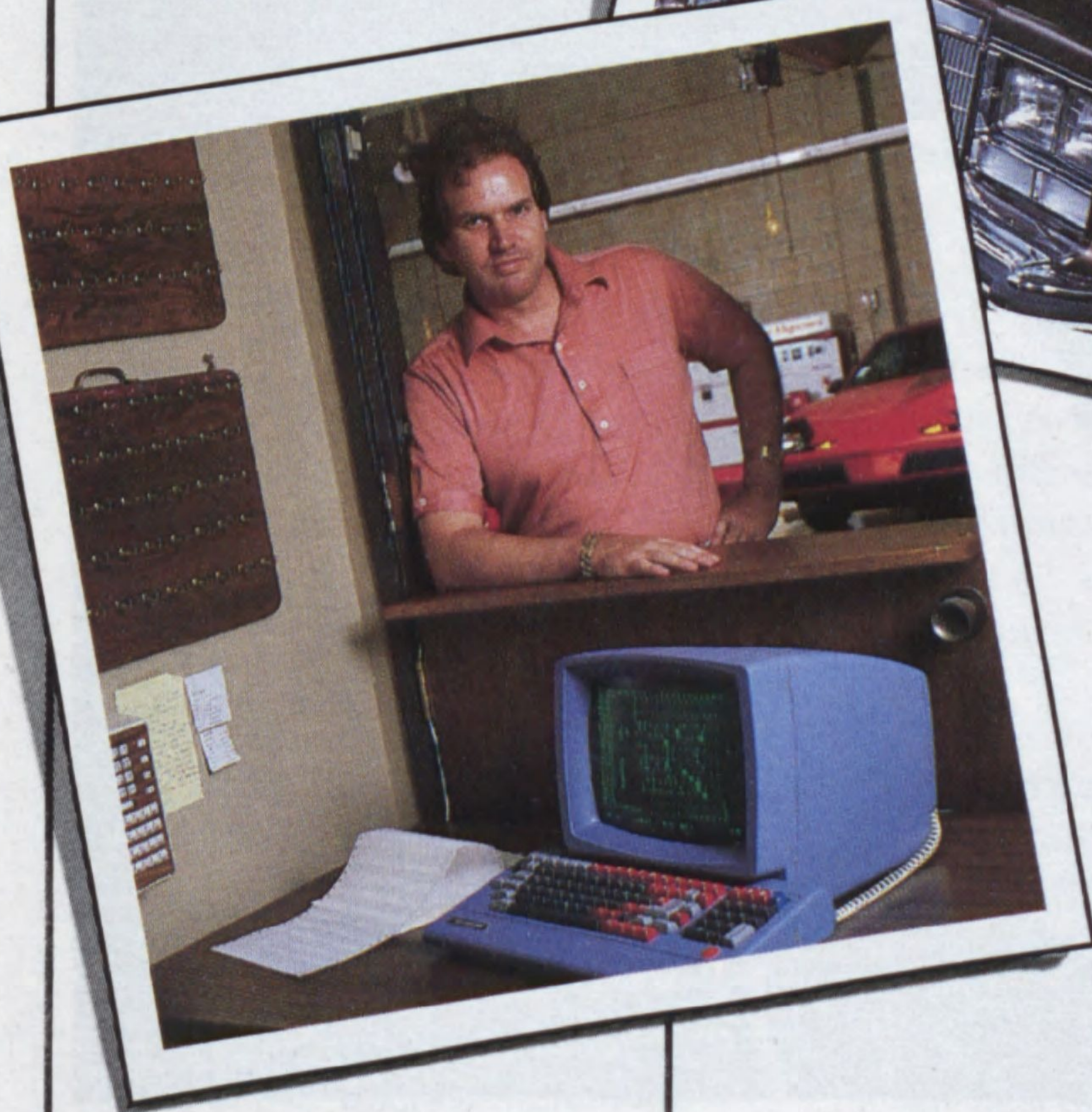
*Dana R. Martin*



*The Tricom system manages our time rapidly and efficiently and results in increased profits. Our customers know that this means promise times that are accurate and appointments that can be kept. Our operation has greatly improved and our control of shop loading, dispatching, hold for parts, appointments and all other areas of importance is remarkable. We like the Tri-Freedom I so much that we have ordered the Tri-Freedom II and can hardly wait for it to arrive.*

*Walter McRae, President, Duval Motor Company  
Jacksonville,  
Florida*

*Walter McRae*



*When you relocate and build a new dealership, as we did, everything doubles . . . personnel, overhead and, thank goodness, business. You really find out the value of a computerized system, and you really can't beat the Tri-Freedom as a service system. In addition, Tricom's organization is first rate—their people are always there when you need them.*

*Frank Clark, Vice President and General Manager  
Ozzie Davis Pontiac-Toyota  
Dublin, California*

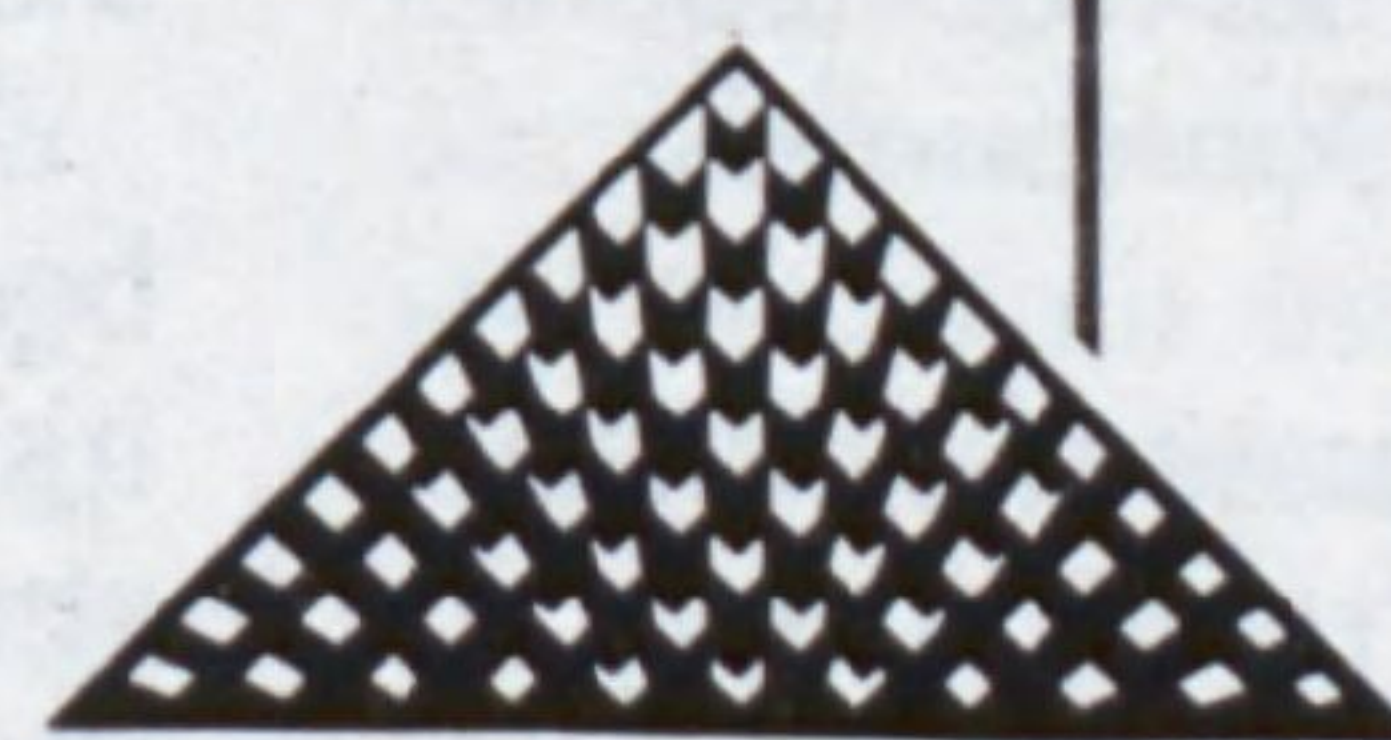
*Frank Clark*

**Tricom's Tri-Freedom systems offer the continuous support and quality assurance you need to manage a profitable and efficient service department.**

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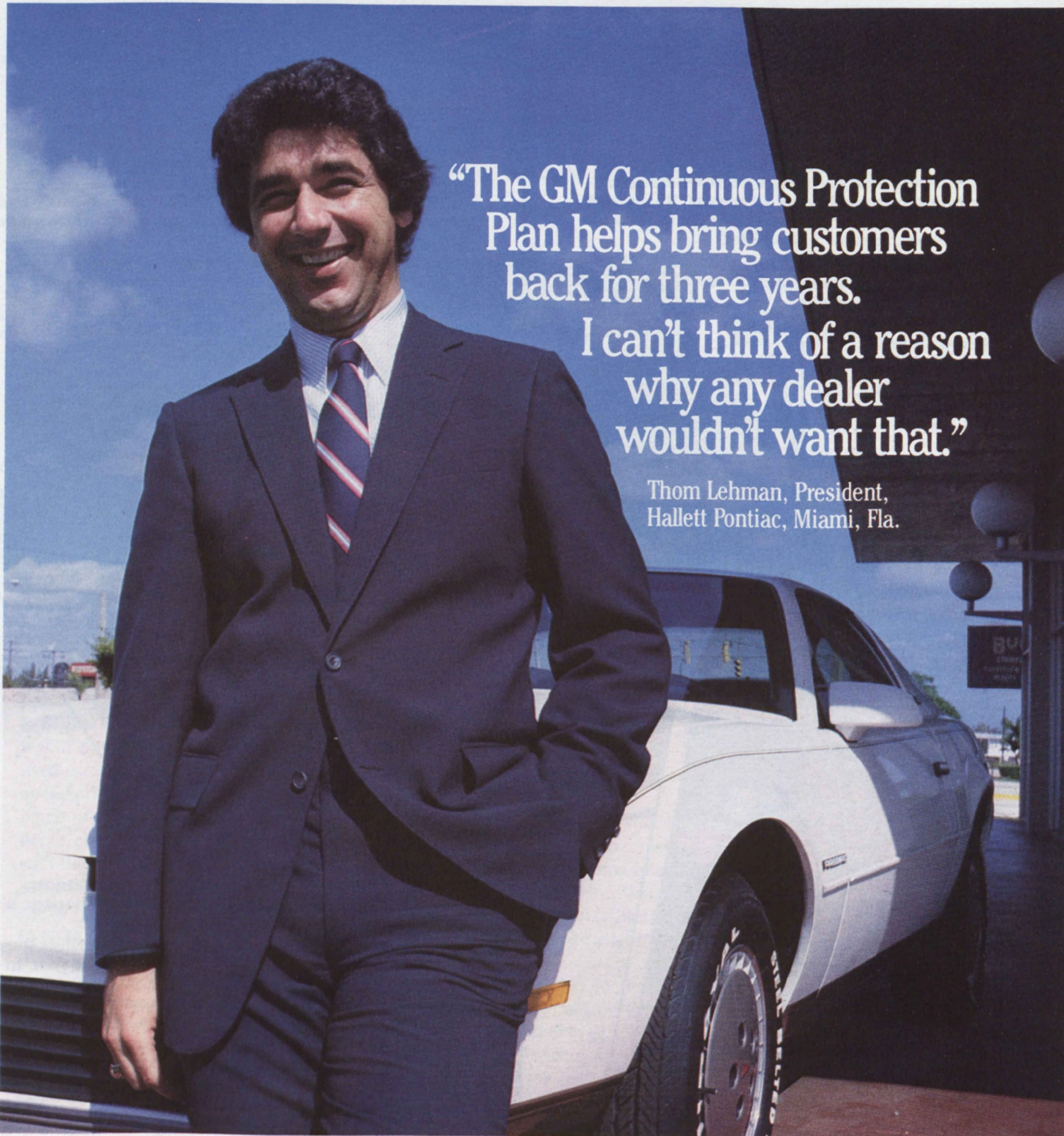
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A man with dark, wavy hair, wearing a dark blue suit, a light blue shirt, and a striped tie, stands smiling next to a white car. The background shows a clear blue sky and a building.

**"The GM Continuous Protection Plan helps bring customers back for three years.**

**I can't think of a reason why any dealer wouldn't want that."**

Thom Lehman, President,  
Hallett Pontiac, Miami, Fla.

"With sales being what they are today, dealerships that are doing well in the service end of the business are surviving. And in my experience, nothing helps keep a service department busy like GM's Continuous Protection Plan.

"Not only do our customers keep coming back, but we're also doing service work for people with other GM cars who've purchased their car somewhere else – and the Plan from us!

"But when you get right down to it,

the GM Continuous Protection Plan is really an advantage to the customer. They're really getting a lot of value for the price they're paying, and they get a GM Plan.

"Frankly, I'm selling the GM Plan because I believe in it. What's more, it's a legitimate, straightforward, complete plan that's simple and easy to handle. It's got the General Motors name on it and it goes with a GM car – that

only makes sense.

"Dealers selling the GM Plan want their customers to come back."

If continued business is important to your dealership, shouldn't you be selling the GM Continuous Protection Plan?

**Continuous  
Protection  
Plan**

**GM**

(For more information circle #18)



# Selling Yourself

## Being a Self-Starter

One of the greatest contributions "Boss" Kettering made to the automotive industry was the self-starter. It put broken arms out of business. My father's first car had to be cranked, an especially difficult job on a cold morning. I remember my older brother telling me that when he was a small boy, Dad would get out the crank, walk around to the front of the car and get ready to start the engine. My brother would sit in the front seat and would have the job of adjusting the spark lever once Dad had turned the crank. One time the crank kicked and Dad wore his arm in a sling for six weeks.

The self-starter was a boon to the automobile. And a *self-starter salesperson* is a boon to automobile salesmanship.

Being a self-starter, a "can do" salesperson, is probably one of the best aspects of a positive image, one that earns respect not only from your peers but from your prospects and customers as well. A self-starter image goes a long way when it comes to closing the deal. Just what and who are self-starters?

First, they are self-propelled salespeople who can operate effectively on their own. They are people who see new and better ways to make effective demonstrations on the showroom floor and during the demo ride.

Second, they are salespeople who reach sales goals set by the dealership and, even more importantly, by themselves. They're salespeople who consider pre-set quotas a minimum.

Third, they're salespeople who are enthusiastic and ambitious, who give fulltime and more to their jobs. They get up a half hour early and stay on the job a half hour longer. They spend a little extra time prospecting and they enjoy the challenge of the hunt.

Fourth, they are inquisitive. They increase their knowledge of the automobile business, the cars and trucks they sell, and the principles of effective, professional salesmanship. They take advantage of every training opportunity—self-study of brochures and spec



sheets of the vehicles they sell and competitive models, all training meetings in the dealership, and outside schools and seminars.

Fifth, they are people who widen their contacts—the broader their contacts, the greater their prospect files. They join and participate in business groups, civic organizations, fraternal organizations and sports clubs. They get themselves *and their image* known.

And, sixth, they work continuously to develop and maintain a pleasing personality. They are genuinely helpful to both prospects and customers. They're considerate and reliable. In short, it's hard not to like them.

Those are the marks of the self-starter—the kind of salesperson you want to be.

Here are the rules I followed in developing a self-starter personality, the image-building six:

1. Believe in yourself. Be the person in charge of your own booster club, but don't boast. Be confident of your ability as an automobile salesperson. Expect the best from yourself and others—and you'll get it. But, you can only expect the best if you make yourself the best. Self-start your way to learning all you can about what you do.

2. Make yourself interesting. It doesn't take any more effort to be interesting than it does to be boring. Be up-to-date on what's going on in the world, in current events and, especially, in the vehicles you sell. Be the kind of person others want to know because they get something of value by being with you.

3. Be positive. Play the game of life on and off your job with enthusiasm and

vigor. Knock negative words out of your vocabulary, negative thoughts out of your mind. Don't say to yourself, "This sale's too tough." Say instead, "I know I can close this deal." Be a "can do" person.

4. Be friendly. A self-starter doesn't wait for the other person—sales manager, co-worker, prospect or customer—to be friendly and pleasant. He starts the action. Practice being an outgoing person, one who is cheerful, optimistic and who smiles a lot. Be free but sincere in your compliments or congratulations. And learn to remember prospect and customer names. A person's name is very important to him or her; show it's important to you, too.

5. Show your liking for people. That means everybody. Remember the words of Will Rogers, "I never met a man I didn't like." Never let dislike for someone warp your personality, your self-starter image. I've always found that if you like people, they'll like you back.

6. Think success. Norman Vincent Peale said, "The secret of success is to hold a picture of success in your mind." I have never forgotten his advice. Without that image of success foremost in your mind, you'll work under tension. Relax, be calm, *expect* success. Break your worry habit. The best way to break a habit is to replace it with another, so replace worry with a new habit of self-assurance.

By following those rules, I sold myself. I've always said, "I really didn't sell cars (although of course I did). I sold Joe Girard." Many salespeople say they stand behind the car they sell; I always said, "I stand in front of it." If the prospect buys me *first*, he'll buy the car. And one of the reasons for buying *you* is who *you* are. Your image. Be a self-starter and you'll sell yourself. □

This column is prepared exclusively for **Automotive Executive** by Joe Girard, named the World's Greatest Salesman 12 times by the Guinness Book of World Records. All questions or comments pertaining to this column should be mailed to: **Selling Yourself, Automotive Executive, 8400 Westpark Drive, McLean, VA 22102-3593.**



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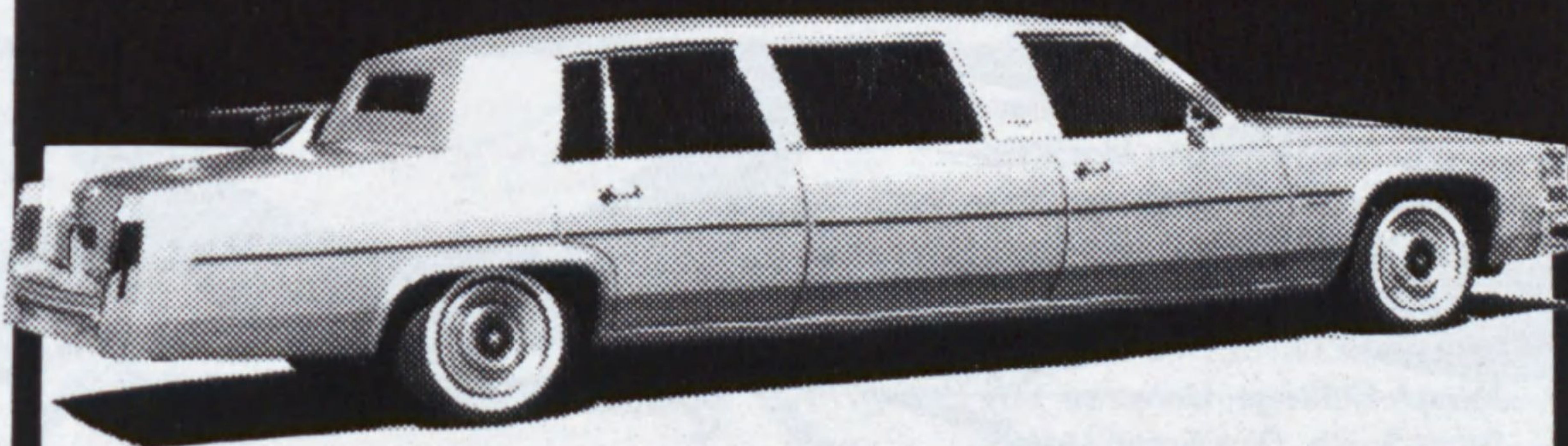
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## NADA DEALER CANDIDATE ACADEMY 1983 GRADUATES



### GRADUATE, HOST DEALERSHIP

Philip Artz, *Hal Artz Lincoln-Mercury Inc.*  
Michael Baker, *University Ford Inc.*  
Brad Barry, *Barry Pontiac-Buick Inc.*  
William Bledsoe, *Bledsoe's Dodge of Arlington*  
James Brown, *Brown Oldsmobile-Subaru Co.*  
Robert Brown Jr., *Brown Motor Sales Co.*  
Dion Budke, *Budke Motors*  
A. Jackson Bush Jr., *Jack Bush's Toyota South Inc.*  
Raymond Carnevali Jr., *Airport Toyota-Pontiac Inc.*  
Stuart Carr, *Carr's Honda*  
Robert Coffey, *George Coffey Lincoln-Mercury Inc.*  
Brett Coker, *Joe Coker Pontiac*  
John Decker III, *Gateway Toyota*  
Bill Dockum, *Dockum Pontiac Inc.*  
Gregory Edwards, *Woolverton Oldsmobile Inc.*  
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Thomas Flurkey, *Mini-Car Center*  
Larry Gates, *Gates Chevrolet Corp.*  
Janet Glosson, *Strother Ford Inc.*  
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John Hargrave, *Hargrave-McEleney Inc.*  
Larry Harris, *Bob Johnson Motor Co.*  
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Seana Holtz, *Holtz House of Vehicles Inc.*  
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Lucinda Hughes-Oldham, *Trice Hughes Chevrolet-Oldsmobile Inc.*  
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Rob King III, *Bob King's Mazda*  
Franklin Lager, *Lager's of Mankato Inc.*  
Robert Lynch Jr., *Lynch Motor Co.*  
Michael Marquardt, *Marquardt Oldstown Inc.*  
Brian Matsumoto, *Pearl Harbor Volkswagen-Subaru*  
E.D. McClendon Jr., *Lone Star Dodge-Chrysler Inc.*  
Thama McKevitt-Brentano, *H.W. McKevitt Co. Inc.*  
Mark McKie, *McKie-Johnson Ford Inc.*  
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Fred Mitchell, *Esteppe Oldsmobile Datsun*  
Kevin Mize, *Valdosta Lincoln Mercury Inc.*  
Randy Modesitt II, *Maryland Motors Inc.*  
Richardson Moe, *Moe Chevrolet-Olds-Cadillac*  
Ronald Muller, *Muller Toyota Inc.*  
Gail Newton, *Jerome-Duncan Inc.*  
John Orvik, *Wally Orvik Motors Inc.*  
Mark Pagan, *U.C. Datsun*  
Louis Patkin, *Patkin Cadillac Inc.*  
Peter Paulin, *Paulin Motor Co.*  
Daria Peck, *Mathis Oldsmobile-Buick-Cadillac Inc.*  
Jerry Reeves IV, *Critz Buick Co.*  
Michael Scarff, *Bowen Scarff Ford Inc.*  
Charles Schmidt, *Bob Schmidt Chevrolet Inc.*  
Joseph Schrage, *Universal City Datsun Inc.*  
Brian Smith, *Dick Smith Motors*  
Lenora Smith, *Charles Smith Pontiac/AMC-Jeep*  
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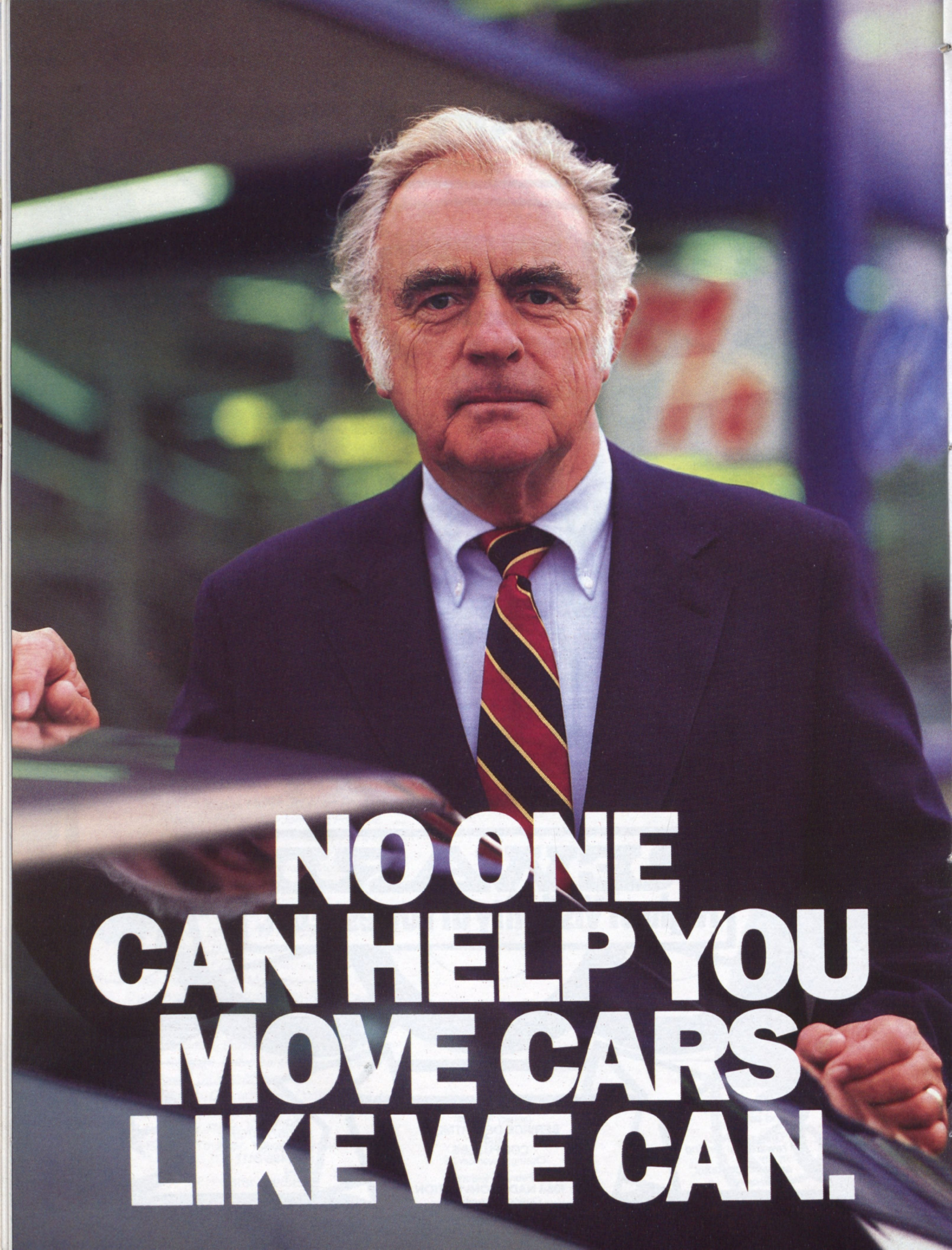
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A photograph of an older man with white hair, wearing a dark suit, light blue shirt, and a red and yellow striped tie. He is standing in front of a dark-colored car, with his hands resting on the roof. The background is blurred, showing green foliage and a building. The text is overlaid in large, white, bold, sans-serif capital letters.

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## The Strength Behind the Nation's Most Comprehensive Vehicle Service Contract

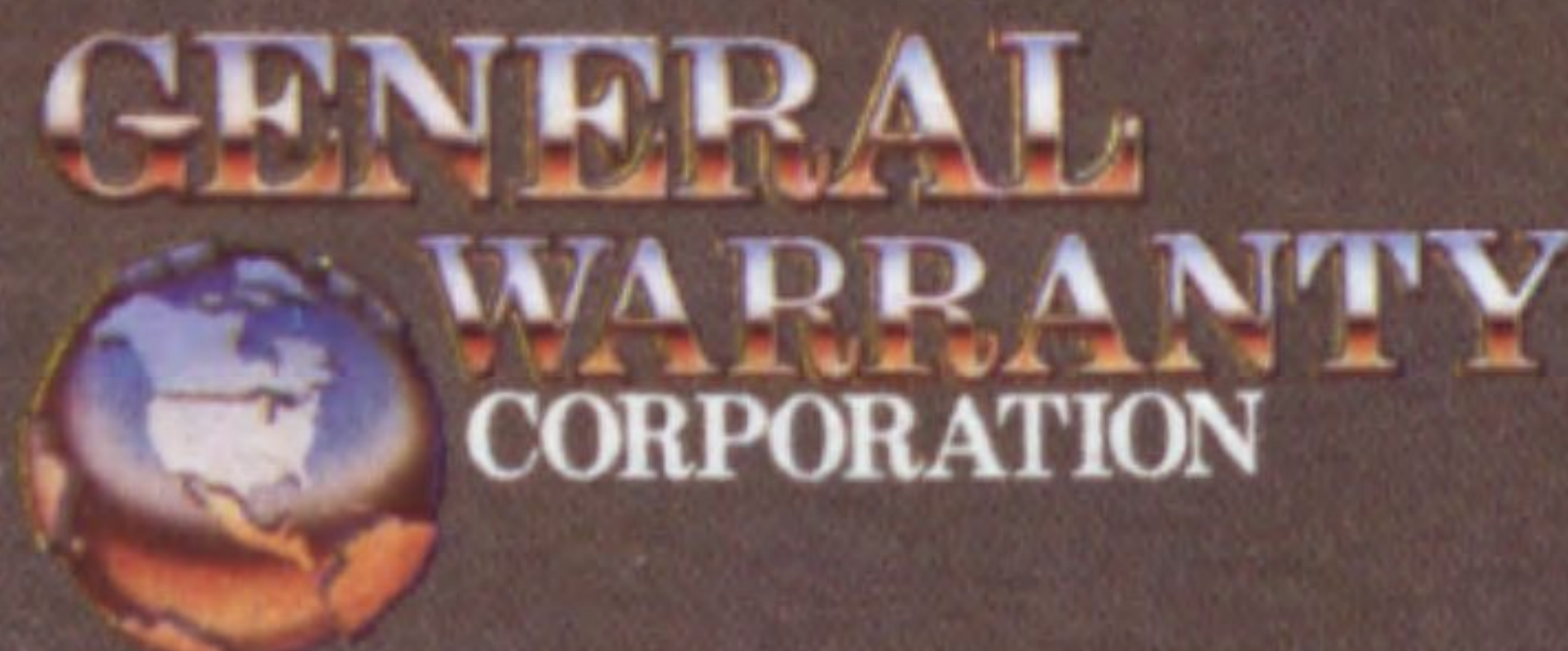
### **Martin W. Nyvall, President Amoco Motor Club**

Amoco Motor Club, one of the largest full-service automobile clubs in the United States, has nearly three million members and thousands of service facilities nationwide.



### **Jerry R. Farrar, President General Warranty Corporation**

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## **Stronger than Ever**

While General Warranty strives to constantly improve its products, some things haven't changed — such as the strength of our backing. Our programs are underwritten by Imperial Casualty & Indemnity Company, a sister company of Amoco Motor Club.

## **The Bottom Line**

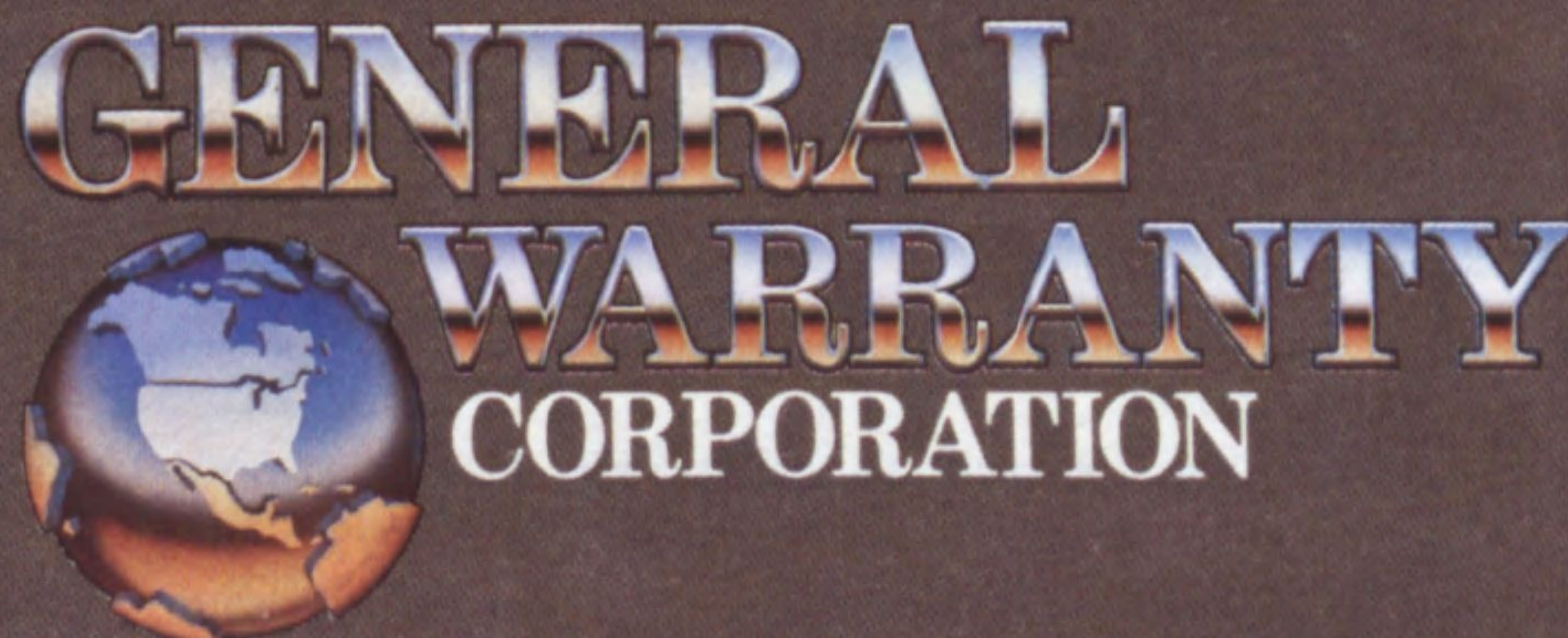
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(For more information circle #16)



# The Service Department

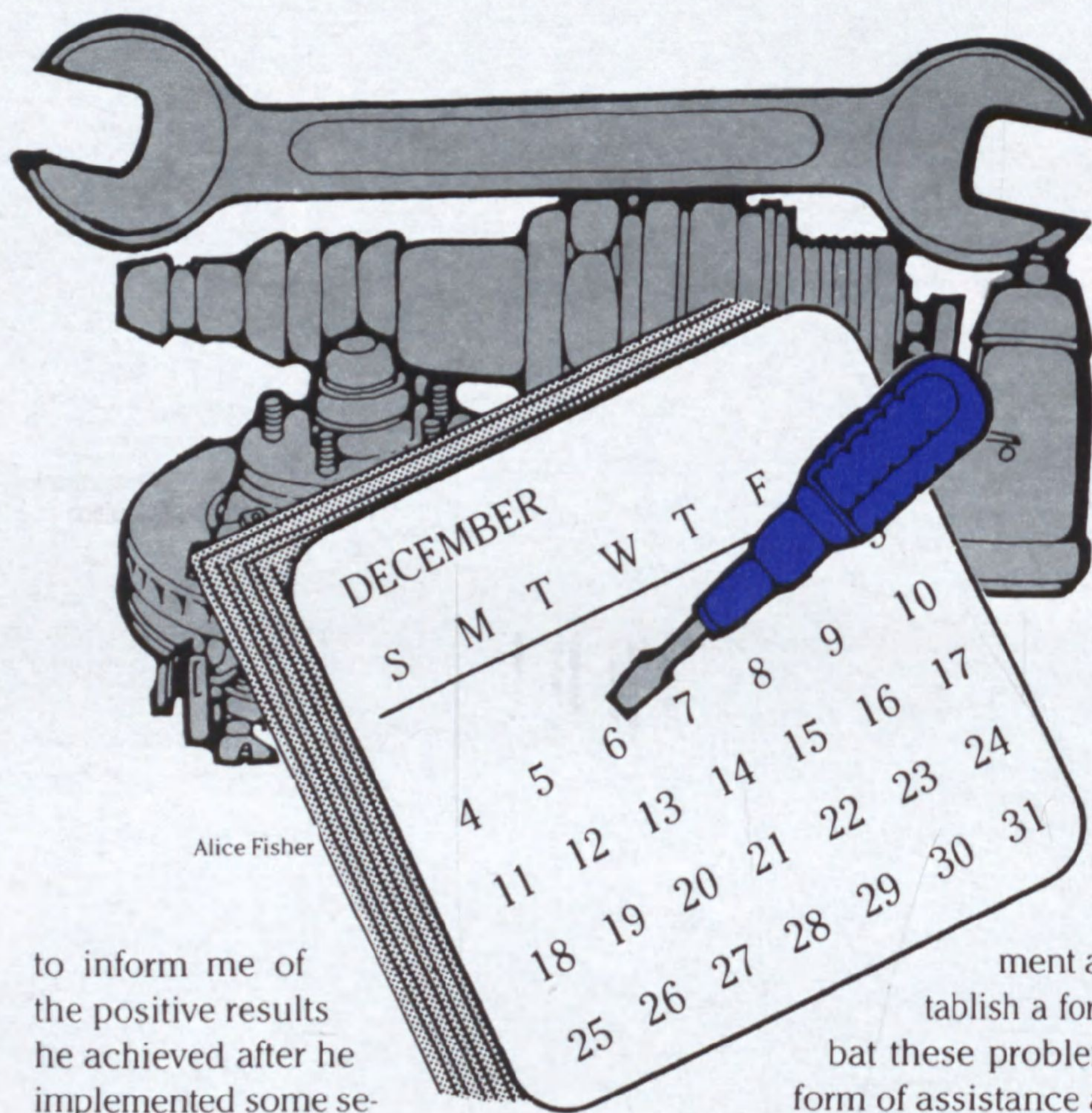
## Looking Back . . . Looking Ahead

**T**his year has had varying effects on the service business, most of which have been positive. With the increase in car sales, especially domestic, we have seen an increase in our service business. The oil companies have continued their conversion of service stations to gas only. Several major mass merchandisers have closed their service departments, and high-tech advances have closed the doors on numerous independent repair shops. All this—combined with increased consumer optimism—has made 1983 a successful year.

During the year I covered many topics in this column which were timely and important. The criteria by which I chose subjects were (1) common problems faced by all dealers, such as cutting costs, improving security and proper repair order techniques; (2) areas in which many dealers are obviously deficient and trying to improve, such as personnel training, improving image and body shop utilization; and (3) topics of some controversy, such as the production teams concept, management opinions, and competitors in the service department. The articles attracted some compliments, questions, requests for assistance and a few jeers. What is significant to me is that people are reading and thinking about the columns. We should never lose sight of the fact that learning is an ongoing process, just as a successful business is.

The responses I've received were split equally among dealers and department managers and, surprisingly, there was no article that ranked higher than another in drawing comments. Many readers have let me know how they fared when attempting some of the ideas in this column or other columns in the magazine.

Jack Willard of Holiday Oldsmobile contacted me about teams implementation for a two-shift service department. The president of Northwood Institute inquired about statistics that appeared in one column. A dealer in Florida called



to inform me of the positive results he achieved after he implemented some security measures mentioned in my June column. A general manager from a California Ford dealership wrote that because of a column he read, his interest in NADA was piqued. He contacted NADA and was amazed at the number of services it offers. After many years in the business and as a member, he is now planning to utilize the organization which was created to serve the people who support it.

The significance of the service department has shifted from obscure to obvious. This column is dedicated to improving your service department; hopefully, dealers are passing copies of *Automotive Executive* to their management staff. Our industry's reputation is on the mend and we all must do our part to continue the progress. Our somewhat tarnished reputation came about over a period of years, and it is taking years to turn it around. As I mentioned in one column, "The dealer's service department has the single greatest effect on reputation," and I try to aim all my columns toward that idea.

The time to plan your service department's progress for next year is now. Lay out your financial goals, advertising schedule and physical plant improvements with realistic goals in mind. Review last year's mistakes and reasons for warranty write-offs, shop policy, deficiencies in training, equipment and attitudes. Establish a formal plan to combat these problems and use any form of assistance at your disposal.

My columns next year will cover many topics, including the effects of the parts department on service; dealer principles; interviews with manufacturer executives regarding service; and peripheral factors on efficiency. This column is written with you in mind—I invite you to drop me a line with any special requests for topics you would like to see addressed.

Happy holidays and hope to see you in Dallas. □

This column is prepared exclusively for **Automotive Executive**, by Ron Joffe, Service Director, Straub Motors Inc. All questions or comments pertaining to this column should be mailed to: **The Service Department**, *Automotive Executive*, 8400 Westpark Drive, McLean, VA 22102-3593.



# Free Information

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#### SHOWCASE—NEW PRODUCT SECTION

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# Special Showcase Service Department Equipment

Tricom Systems Corp. is adding a new product to its Tri-Freedom line of **service management systems**. The Tri-Freedom IV is aimed primarily at auto dealerships with up to seven technicians. According to the manufacturer, the system allows small auto dealers to automate their fixed operations without buying a system too large for their needs, and can be expected to increase revenues per month as much as 20 percent. Manufacturer: Tricom Systems Corp., Hayward, CA. ■

(For more information circle #81)



NRG Dynamics Inc. is introducing a new **reusable aerosol can**. According to the manufacturer, commonly used liquids, such as brake parts cleaner, choke cleaner, silicone spray and spray paint can be applied with the AIR-O-SOL can at up to 70 percent savings over conventional aerosol cans. The can works with any liquid normally applied as an aerosol, and is charged with a provided adapter hose by an air compressor. Manufacturer: NRG Dynamics Inc., Irvington, NJ. ■

(For more information circle #82)



New from Blackhawk are a redesigned **engine stand and crane**. According to the manufacturer, these products are now available at new competitive prices. Manufacturer: Applied Power Inc., Automotive Division, Milwaukee, WI. ■

(For more information circle #83)



Bee Line Co. is now offering its WB14 **computerized wheel balancer** in a 115 volt model as well as a 220 volt single or three phase model. Manufacturer: Bee Line Co. Bettendorf, IA. ■

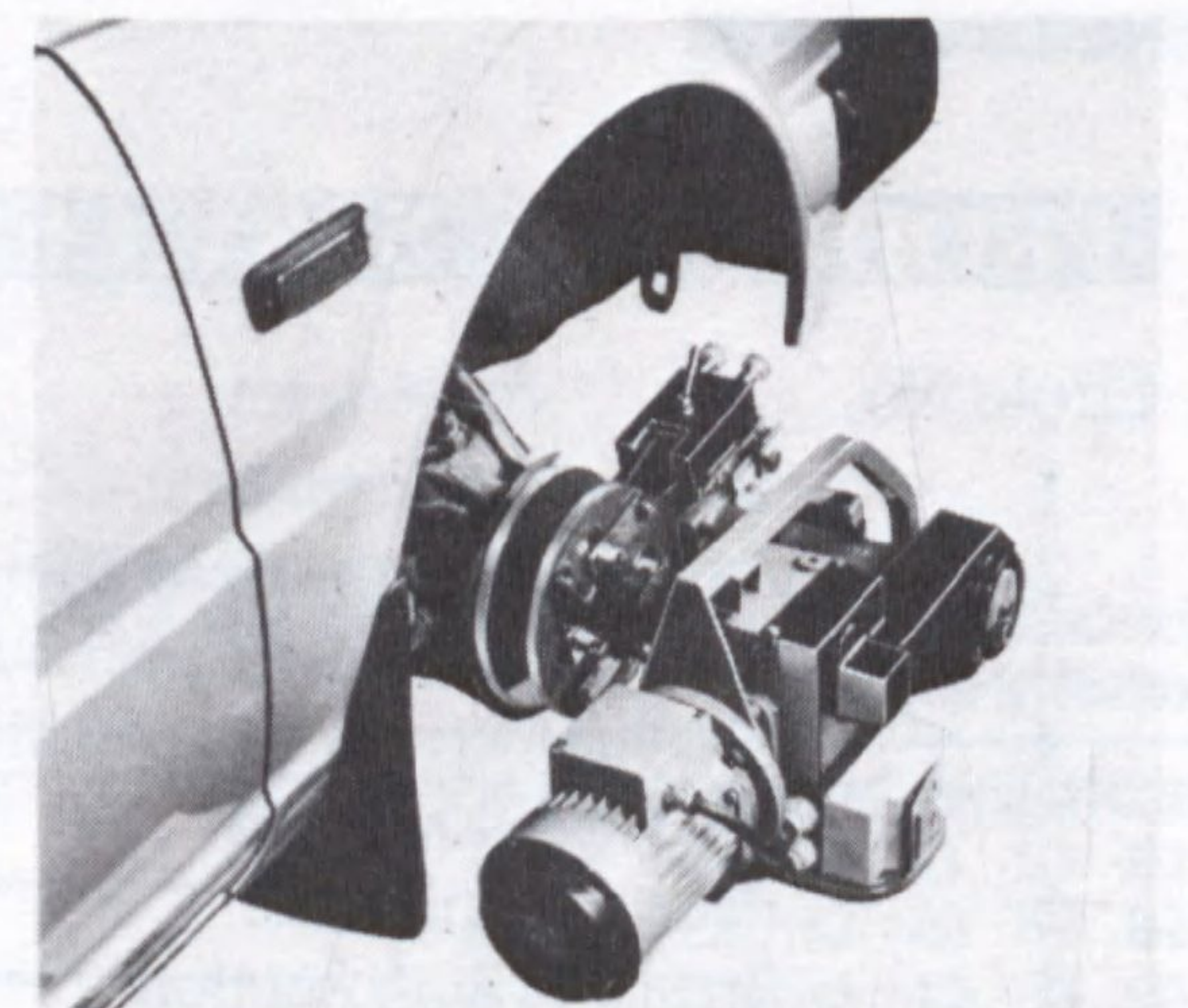
(For more information circle #84)

According to Ammco Tools Inc., its new Model 660 is a powerful, multi-purpose **tire changer** that will handle a wide range of sizes and styles of car and light truck tires and wheels, and offers the most powerful, yet safest, bead breaking and mount/demount actions available. Manufacturer: Ammco Tools Inc., North Chicago, IL. ■

(For more information circle #85)

Available from Benwil Industries is a new **disc brake lathe** designed to re-surface brake discs either on the vehicle or when mounted on a workbench. According to the manufacturer, the lathe machines both sides of the disc simultaneously, while providing a high degree of parallel precision. An optional mounting bracket allows the machine to be securely fastened to a workbench, with easy removal for use on a vehicle. The unit comes with universal adapters for 3-, 4- and 5-lug hubs. Manufacturer: Benwil Industries Inc., Torrance, CA. ■

(For more information circle #86)



A professional **inductive timing light** is being introduced by Emico/Accurate Instruments Inc. The timing light is designed to provide improved professional accuracy during car engine tests. The company states that the unit works on both standard and electronic ignitions, and features inductive pick up and a double check warning light to ensure test accuracy. Manufacturer: Emico/Accurate Instruments Inc., Dublin, PA. □

(For more information circle #87)



February's Special Showcase features carwashes. Please send press release and a black-and-white glossy photograph of your product for consideration to: **Joan Rubin, showcase editor, Automotive Executive, 8400 Westpark Drive, McLean, VA 22102-3593. Materials must be received by December 23.**



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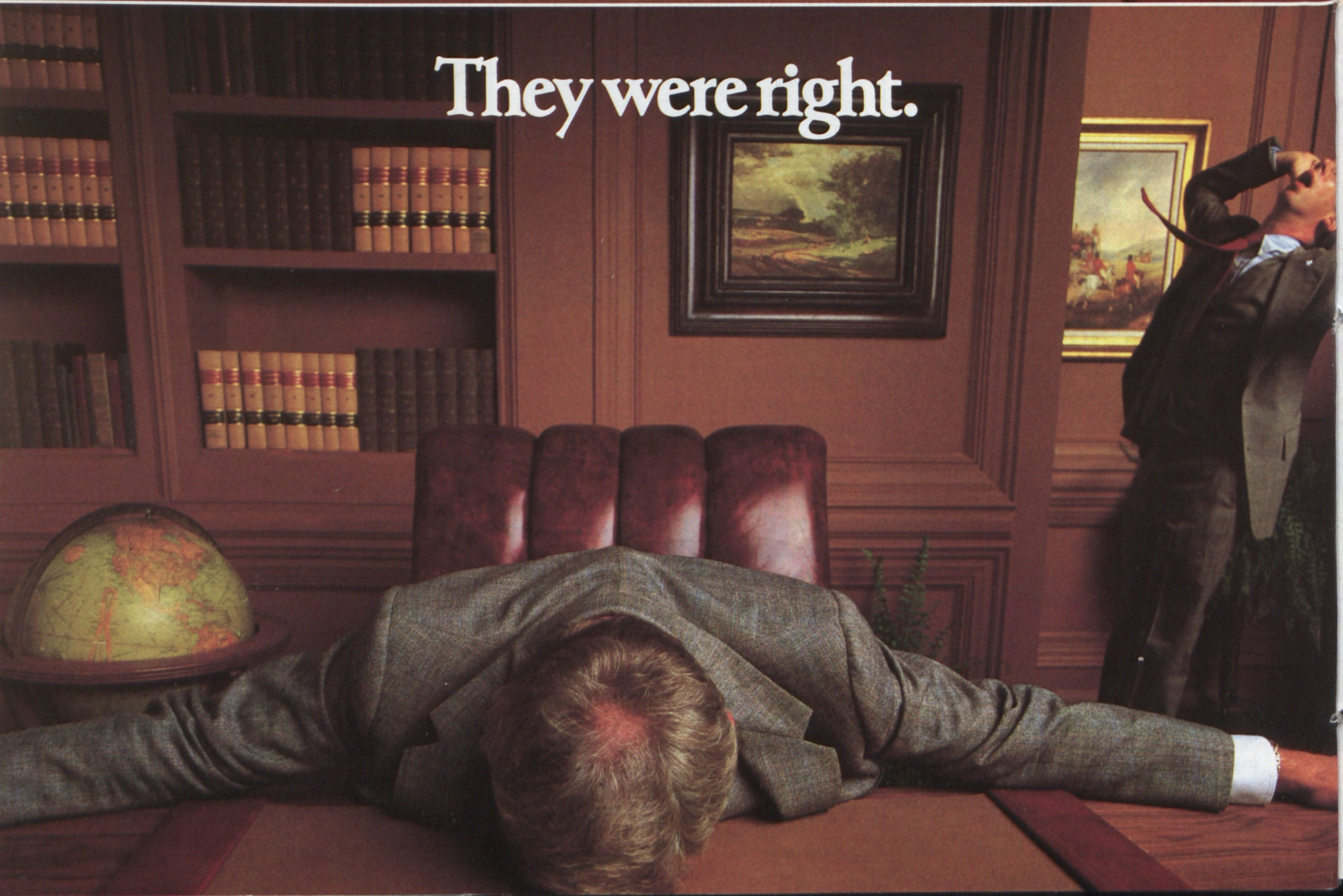
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ADP DEALER COMPUTER SALES FY 1983.



The switch to ADP is on.

And it isn't just dealers like Jim Williams Oldsmobile, Cadillac, GMC, Honda in McAlester, Oklahoma.

Or larger outfits like W.I. Simonson Mercedes-Benz in Santa Monica, California.

Or even the largest chains like the Curry Chevrolet group of Scarsdale, New York.

It is the manufacturers as well. People who have the time and the

money to look their options over very carefully have come to ADP to design their dealer communications systems.

Companies like Nissan who came for DATANET; Mercedes-Benz for MB-NET; and International Harvester, not only for communications but for ADP INTRNET<sup>SM</sup>—a complete dealership computing system.

And, of course, Chevrolet and Buick who just implemented nationwide vehicle locators.

Why are they coming to us?

Let's put it this way. When you decide to go in-house, you don't want a house full of problems.

You want a system that works.

That's flexible.

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You also want a system you can afford. Our Onsite computers are priced so low many of our own batch and on-line customers have decided to make the switch as well.

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# Coast To Coast With The First American Eagle



When you fly with the First American Eagle, you'll find greater profitability is not an endangered species.

City Chevrolet, Charlotte, N.C., is one of the 11 dealerships of JRH, Inc. When the firm recently purchased a Honda dealership in Corona, California, it chose to fly "coast-to-coast" with the First American Eagle and its managing general agent, Northwestern Security Life Insurance Company.

"We looked at a number of contract plans that were available before we chose First American and we found they were strongest as far as product, competitive pricing and financial strength and backing."

When we expanded our holdings "Coast-to-Coast" we began looking for an extended service contract company that we could rely on whether we were doing business in the Carolinas or on the California coast.

Bill Musgrave, V.P., Finance, JRH, Inc. points out, "We've been extremely pleased with First American. They're the strongest in the field. The investment income and payment on the earned out contracts become more significant to us each quarter. We receive our checks on a timely basis and quite honestly, have been pleasantly surprised with what has come through to date. We get our computer printout each month, and when you look at the reserve balance, and how it grows, it's really amazing how fast your earnings accumulate with First American."



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(For more information circle #13)



"If you haven't looked into First American, you're making a serious mistake. They are the leaders in the industry," Rick Hendrick, President, JRH, Inc.



## California Vehicle Board Is Struck Down as Biased

**D**espite legislative changes in the California New Motor Vehicle Board, the California Court of Appeals, First District, holds that its governing statute is still unconstitutional, as found in a previous case, *American Motor Sales Corp. v. New Motor Vehicle Board*, 69 Cal. App. 3d 983 (1977).

As originally drafted, the New Board Vehicle Board heard protests under the section of the vehicle code which provided that no franchisor shall terminate or refuse to continue any existing vehicle franchise unless the New Motor Vehicle Board finds good cause for the termination or refusal to continue [Code §3060]. The statute also mandated that four of the Board's nine members must be dealers [Code §§3060; 3066]. There was no requirement that manufacturers' representatives serve as Board members under the code. In *American Motor Sales Corp. v. New Motor Vehicle Board*, 69 Cal. App. 3d 983 (1977), the court determined that the code violated due process by its requirement that four of the nine members be new car dealers. In its ruling, the court found it "unavoidable that dealer-members of the board have an economic stake in every franchise termination case."

In an attempt to bring the statute into constitutional compliance, the California legislature amended the applicable code sections to provide that new car dealer members may hear and comment on, but may not decide, dealer-manufacturer disputes. These legislative changes do not cure the constitutional deficiencies, according to the recent case, *Chevrolet Motor Division, General Motors Corp. v. New Motor Vehicle Board*, No. A015529, Cal. Ct. App., 1st App. Dist., August 26, 1983.

In the *Chevrolet v. New Motor Vehicle Board* case, GM decided that a new dealer agreement would not be offered to 49er Chevrolet of California. The dealer protested that the discontinuance violated the Vehicle Code be-

cause it was not grounded on good cause. The New Motor Vehicle Board upheld the 49er Chevrolet protest. At trial, however, GM won a reversal on the grounds that, among other things, car dealer involvement on the vehicle board violated due process by denying the manufacturer an impartial tribunal. This ruling is upheld by the California Court of Appeals, First District. ■

### Injunction Could Not Bar Franchisor Performance Inspection

In a case brought before the Michigan Supreme Court, it was held that an automobile rustproofing franchise agreement which specified the manner of termination but not the term of the franchise was terminable for just cause and not terminable at will. On remand in the Michigan appellate court, an injunction was interpreted in the same case which prohibited the franchisor from terminating or interfering with the franchisee (*Lichnovsky v. Ziebart International Corp. and Ziebart Rustproofing Co.*, Mich. Ct. App. No. 67700, on remand, February 25, 1983).

The injunction was broad and prevented the franchisor from terminating, harassing, obstructing or interfering in any way with the operation of the franchise. However, the injunction could not stop the rustproofing franchisor from inspecting the franchisee to determine compliance with performance standards, the appellate court determined. Therefore, another remand was necessary, this time to the trial court, to establish the manner in which the franchisor could inspect the franchisee without violating the injunction. Inspections were necessary, according to the court, to give effect to the franchise standards. □

This column is prepared by the Legal Group of the National Automobile Dealers Association. For further information or questions concerning the items appearing in this column, write: Legal Briefs, NADA Legal Group, 8400 Westpark Drive, McLean, VA 22102-3591.

## F.Y.I.



For easy access to NADA member services, use the following direct-dial telephone numbers. NADA business hours are 8:30 a.m. to 4:45 p.m., eastern time, Monday through Friday. For services not listed, call (703) 821-7000.

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NADIT	821-7173
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Regulatory Affairs	821-7045
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Sales Trak	821-7182
Services Corp.	821-7078
Service Systems	821-7234
Twenty Groups	821-7220
Used Car Guide Co.	821-7190



# Other Voices

## GM's 75th

I enjoyed your article, "So Brief the Years: The 75th Anniversary of General Motors" (October 1983).

I thought you might be interested in seeing a picture of our dealership (opposite) as it looked when it was founded in 1908 in Courtland, AZ. The dealership moved to Douglas in 1914, where it is located today.

*Automotive Executive* is an excellent publication. We look forward to it every month.

**John W. Mason**

**Southern Arizona Auto Co.  
Douglas, AZ**

## Understanding Auctions

The October issue of *Automotive Executive* just arrived. I was first attracted by the cover featuring an auction scene. Knowing that more on the subject would be inside, I immediately turned to "Going Once, Going Twice" and read it from beginning to end.

Please accept my congratulations on a well-written article on a subject so few understand. Also, my appreciation for featuring an industry that affects every owner of an automobile yet seldom receives any complimentary editorial space. Appearing in a major publication of the automotive industry is certainly a boost as well as an image builder for auto auctions.

Speaking for the entire membership, thank you very much.

**Bernard Hart**

**National Auto Auction  
Association  
Lincoln, NE**

## Trucking's Image

Your editorial on improving the image of trucking (Truck Focus, October 1983) was well done and a boost to the Trucking Industry Alliance.

However, I would question the comments made on the public's perception of trucks, unless ATD/NADA has taken some recent polls we haven't seen.

The last poll we made gave truck drivers pretty high marks with the public, and the methodology and size of sample were as valid as the TV network or newspaper polls. The sample size was a little more than 1,000 persons, all licensed drivers.



Truck drivers certainly were not perceived as "unsafe, uncaring or inconsiderate of other vehicles." Of our sample, 67 percent saw truck drivers as better than passenger car drivers.

Despite the railroad program on truck taxes, and our poll was made at the height of the rail effort, 62 percent said trucks pay the right amount, 23 percent said trucks pay more than their share and only 10 percent of the public said that trucks pay less than their share!

I haven't seen any more recent trucking industry polls, and I'll grant the independent truckers' strike hurt the image, but the public image is better than many people who are in the industry (and should be rooting for it) say it is. I'd like to see their evidence. I do agree with you that truck driver performance should be improved, especially in those segments that are not reached by any type of industry safety program or company enforcement. I am sure that the Trucking Industry Alliance will be a big help in this area. In fact, it already has been a help by bringing those of us in the industry together more often to discuss and work on public relations.

If ATD members become involved in this effort it will be a significant contribution.

**John P. McGill**

**American Trucking  
Associations  
Washington, DC**

## More on Rick Warner

Rick Warner (July 1983) is a perfect example of Utah's many outstanding business persons.

I am pleased that *Automotive Execu-*

*tive* has seen fit to pay tribute to this fine man for his many years of distinguished service to the business world.

**Rep. James V. Hansen (R-UT)  
Washington, DC**

## FTC's Better Anti-Lemon Idea

Two years ago the Federal Trade Commission tried unsuccessfully to launch a plan requiring used-car dealers to list on a car's window sticker any known defects. Though people ought to know what they are buying, it was a regulation that went too far in trying to protect consumers. Now the FTC has come up with a better idea: an ad campaign to let people know what it is they ought to check when buying used cars.

Unfortunately, the FTC may make another run at the used-car rule as well. Congress vetoed the earlier effort only to have the Supreme Court this summer throw out congressional vetoes. Commission members already have said they want to take another look.

The FTC ad campaign is all that is needed. The agency is offering to mail consumers tips on buying used cars. The tips will include advice on such things as checking the battery and reading the fine print on the warranty. The agency also will be doing public service ads on radio.

The problem with the earlier plan was that government can't protect everybody against everything. A public service campaign is a better way to get the message across that buying a used car has its risks.

**Editorial**

**Orlando Sentinel  
October 10, 1983**



# **Western Diversified has put the byte into the System... and taken the bite out of the price!**

*At last, it's here! A brand new development in F&I systems that's affordably priced! The Western Diversified System. You've seen many F&I systems that cost more, but you'll never see any that are worth more. The Western Diversified System features:*

**Deal Screen.** Displays all data on your deal, including cash price, down payment, credit insurance options...and will derive monthly payment from this information.

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**Recap.** Both front-end and back-end profit recap on your deal.

**Cash Conversion.** Allows your salesperson to show the customer how to better utilize cash. Helps you to write more finance deals!

**Quick Pay.** Enables a salesperson to get a monthly payment with only 3 pieces of information: unpaid balance, interest rate and term.

**Rule of 78.** Allows your salesperson to quickly calculate a refund.

**Mileage Comparison.** Enables your salesperson to compare gas mileage on a prospective customer's trade-in, versus the new car being considered. Shows actual savings!

**Save and Retrieve Deal.** Allows your salesperson to store deals and retrieve them when needed at a later time.

**Several Contracts.** As many as 10 additional forms available, including retail installment contracts, dealer invoices, sales tax, license and title registrations, insurance forms, warranty forms, ATPI forms, credit life insurance, odometer statements and power of attorney.

**Leasing Available.** If you prefer to lease, Western Diversified will lease the complete System to you. Please call for more details.

*If you'd like to know more about Western Diversified's System, please call Russ Carlson at 312-272-8300, outside Illinois call toll-free 800-323-5771.*



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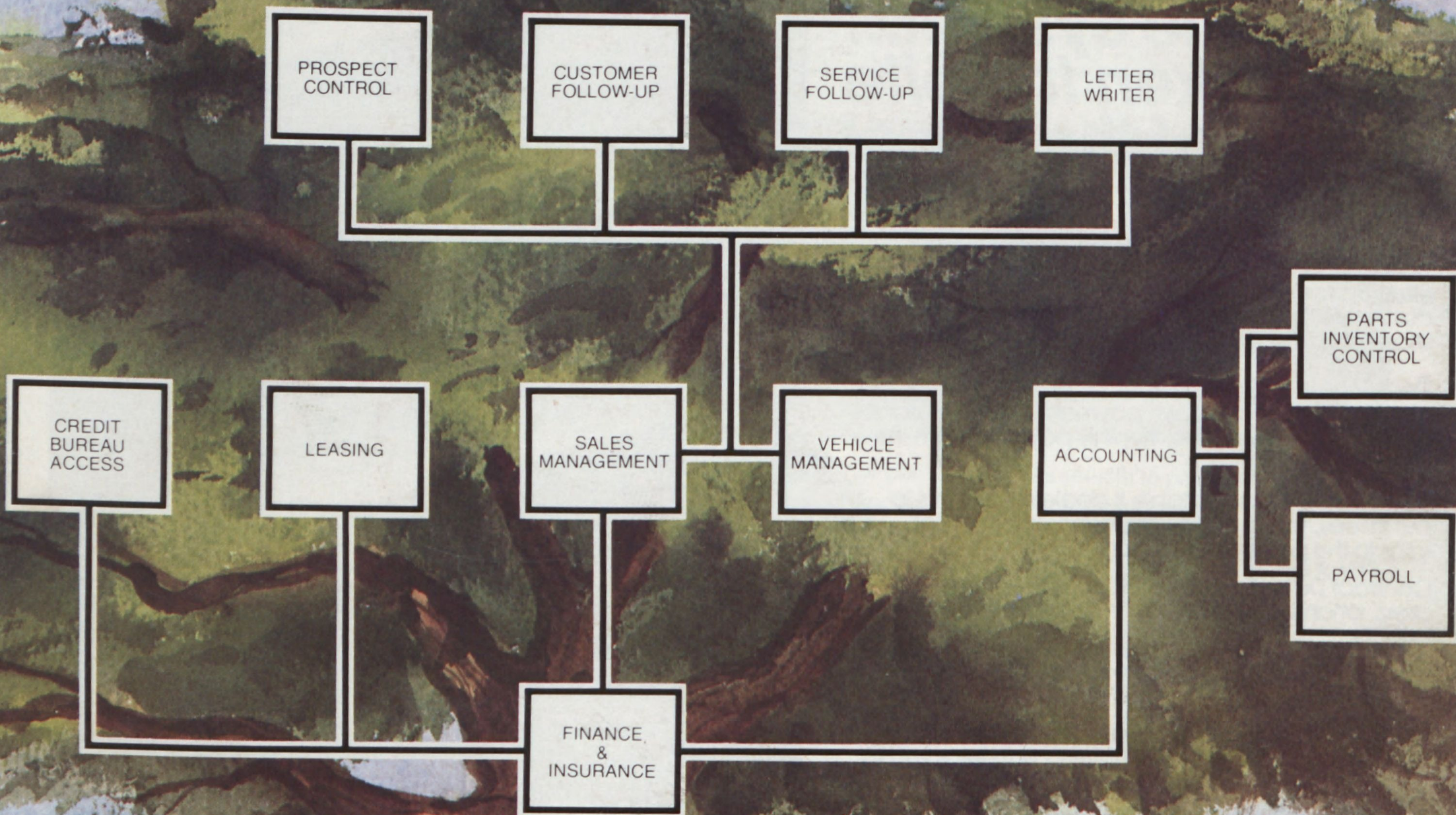
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(For more information circle #29)





## The Oakleaf Family of Systems (We're not just F&I)

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vestment much better while decreasing lost sales...everything you need for your business office, at a price you can afford.

Oakleaf is more than just good F&I. It is a good, cost-effective computer system for your entire dealership. You may choose a single unit Oakleaf or configure a multiple component system. Either way, with Oakleaf's mutual compatibility and planned non-obsolescence, you will have an installation that is automatically programmed to expand with the future needs of your dealership.

To find out more about the many ways Oakleaf can increase efficiency in all your departments, call Ruth Larson, National Marketing Department, (800) 423-3681, or in California, (213) 993-1223 collect.

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(For more information circle #21)